Daily Report

Latin America

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FBIS-LAT-90-120 *21 June 1990*

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ECLA, SELA Issue Joint Declaration on Debt

PA2006044890 Mexico City NOTIMEX in Spanish 0015 GMT 20 Jun 90

[Text] Caracas, 19 Jun (NOTIMEX)— If Latin America and the Caribbean maintain their economic adjustments to comply with servicing the foreign debt, and if the debt is not reduced, the rate of growth in the region will be two percent in the next five years.

According to a joint document issued by the Economic Commission for Latin America (ECLA) and the Latin American Economic System (SELA), the continuation of the adjustment plans prepared for the region will lead to a drastic reduction of consumption by each person.

The document warns that if the rate of expenses that the Latin American countries are making to service the foreign debt is maintained, the investment in the area will continue to be reduced and the debt, far from decreasing, will increase.

However, if there is a reduction of 75 percent in the transfer of regional resources abroad for servicing the debt—some $40 billion—the region could reach an annual growth rate of five percent.

The document of ECLA and CEPAL, which analyzes the possibilities for growth in the region without reducing the debt and instead reducing the transfer of resources abroad, was presented within the framework of the technical stage of the regional conference on foreign debt that was held in Caracas, Venezuela.

The agreement considered a SELA proposal to reduce the transfer of resources abroad by 75 percent and to agree on actions regarding the four different kinds of foreign debt. The document foresees that if the economic adjustments are maintained, "it will be difficult or impossible to guarantee the servicing of the current foreign debt level." It notes that under the same financing conditions, all new debts will only worsen the problem.

Thus, for the 1990 to 1995 period, the transfer of resources will be close to four percent of the region's GNP, which would tie up a fourth of the value of the area's exports. On the other hand, if the transfer of resources is reduced by 75 percent, as SELA is proposing, the initial reduction of the foreign debt would total 54 percent of the overall amount. Thus, the Latin American foreign debt, which in 1989 represented a little over three times its exports and 50 percent of the region's GNP, in 1995 would only total a little over 40 percent of those levels (129 percent of its exports and 21 percent of the GNP).

Since reduced interest rates would be simultaneously applied, the amount to service the foreign debt would be reduced in 1990, in proportion to the previous year, by a little over 60 percent. The amount would continue dropping afterwards in relation to its exports. So in order to pay foreign interest rates, the region should earmark an average of eight percent of its exports between 1990 and 1995, instead of the 30 percent it now allocates.

ALADI Countries Agree To Reduce Barriers

PY2106013290 Montevideo Radio Carve in Spanish 0000 GMT 21 Jun 90

[Text] Today, the 11 ALADI [Latin American Integration Association] countries resolved a difficult problem pertaining to the reduction of the region's trade barriers and finally reached an agreement.

Uruguay will implement the terms of the agreement as of 1 January 1991, while the other countries will do so during the upcoming months. This distinction results from an Uruguayan petition in view of the current fiscal readjustment which is being implemented in our country.

At the end of the meeting, which took place at ALADI's headquarters in Montevideo, Carve consulted Nestor Cosentino.

[Begin recording] [Cosentino] Finally we have reached an auspicious agreement between the 11 member countries of ALADI to sign a protocol that will modify Regional Agreement No. 4, which created the preferential regional duties.

[Reporter] What are the (?details) of that protocol, Cosentino?

[Cosentino] Well, with this accord we have agreed to make the preferential duties more flexible so there can be an increase in the exchange of [word indistinct] between the member countries. We can say that this is probably the most important part of the integration process of the ALADI countries. Of course, we still have a long way to go, but this has been a very important and encouraging step.

[Reporter] When will it be implemented?

[Cosentino] Implemented. All member countries will implement the agreement on 1 August 1990, with the exception of Uruguay, which petitioned the other countries to allow it to implement the agreement on 1 January 1991 because of the fiscal readjustment being carried out in our country. [end recording]

These were the remarks of Nestor Cosentino, Uruguay's permanent representative to the ALADI.

Comparison to Cerezo Reads Economic Action Plan

PA2006022890

Tegucigalpa EL HERALDO in Spanish on 18 June publishes on page 57 the text of the Economic Action Plan for Central America, PAECA. The EL HERALDO version has been compared to the Guatemala City

Domestic Service version, read by Guatemalan President Vinicio Cerezo and published in the 18 June Latin America DAILY REPORT, pages 10-12, revealing the following variations:

Page 10, column two, paragraph seven, sentence one reads: ...and trade integration. [new paragraph] 4. Promote a program... (changing number and removing editorial notation)

Page 11, column one, paragraph one, sentence one reads: ...of Foreign Trade. [new paragraph] 7. Design a selective... (supplying number)

Page 11, column one, paragraph three, only sentence reads: ...on this date. [new graf] 8. Instruct economy ministers... (removing editorial notation)

Page 11, column one, paragraph six, sentence one reads: ...permanent the nonreciprocal concessions in specific markets... (confirming word)

Page 11, column one, paragraph seven, only sentence reads: ...of Social Sectors. [new paragraph] 9. Instruct the ministers... (supplying number)

Page 11, column one, paragraph nine, only sentence reads: ...Industrial Reconversion Policy. [new paragraph] 10. Instruct the ministers... (supplying number)

Page 11, column one, paragraph 11, only sentence reads: ...of State Businesses. [new paragraph] 11. Support Transformation processes... (supplying number)

Page 11, column two, paragraph two, only sentence reads: ...of Agricultural Polices. [new paragraph] 12. Instruct the corresponding... (supplying number)

Page 11, column two, paragraph four, only sentence reads: ...Science and Technology. [new graf] 13. Instruct ministers responsible... (supplying number)

Page 11, column two, paragraph seven, only sentence reads: ...Economic Adjustment Programs. [new paragraph] 14. Promote coordination programs... (supplying number)

Page 11, column two, paragraph nine, only sentence reads: ...for Economic Adjustments. [new paragraph] 15. Instruct the responsible... (supplying number)

Page 11, column two, paragraph 11, only sentence reads: ...International Financial Cooperation. [new paragraph] 16. Instruct finance or treasury... (supplying number)

Page 12, column one, first partial paragraph, only sentence reads: ...or multilateral debt. [new paragraph] 17. Instruct the proper... (supplying number)

Comparison to Cerezo Reads Antigua Declaration

PA2006193990

Panama City ACAN in Spanish at 0645 GMT on 18 June carries the "text" of the Antigua Declaration. The ACAN version has been compared to the Guatemala City Domestic Service version read by Guatemalan President Vinicio Cerezo and published in the 18 June Latin American DAILY REPORT, pages 6-10, revealing the following variation:

Page 10, column one, last paragraph, only sentence reads: ...17 June 1990.

[new paragraph] Rafael Angel Calderon Fournier, president of the Republic of Costa Rica;

Marco Vinicio Cerezo Arevalo, president of the Republic of Guatemala;

Violeta Barrios de Chamorro, president of the Republic of Nicaragua;

Alfredo Cristiani Burkard, president of the Republic of El Salvador; and

Rafael Leonardo Callejas, president of the Republic of Honduras

As an invited observer:

Guillermo Endara Galimany, president of the Republic of Panama (supplying signatories' names, titles)

Correction to Cerezo Reads Antigua Declaration

PA1806171990

The following correction pertains to the item headlined "Cerezo Reads Antigua Declaration," published in the 18 June Latin America DAILY REPORT:

Page 6, column two, paragraph three, sentence three, make read: ...our groups behind. POPOL VUH [sacred book of the Quiche Indians] [new paragraph]

The presidents of... (supplying source of quote, including editorial notation)

Page 8, column two, paragraph four, only sentence, make read: ...the auspices of UN Secretary General Dr.... (correcting title)

Page 9, column two, paragraph five, sentence one, make read: ...protection of regional ecosystems and to support... (changing words "economic systems" to read "ecosystems.")

Cuba

Castro Reportedly Seeks Meeting With Bush

FL2006123590 Bonaire Trans World Radio in English 1130 GMT 20 Jun 90

[Text] A Tokyo newspaper says Cuban President Fidel Castro has informally asked Japan to help him arrange a meeting with U.S. President George Bush. The newspaper quotes unidentified sources in the Japanese Government as saying that Mr. Castro hopes to meet with Mr. Bush at the November 16th enthronement of Emperor Akihito in Tokyo. But the newspaper says the Bush Administration's reaction has been cool and the President's attendance at the ceremony has not yet been decided. Washington is not commenting.

Nicaragua's Ortega Meets Castro, Ends Visit

FL2006192090 Havana Tele Rebelde Network in Spanish 1700 GMT 20 Jun 90

[Text] Nicaragua's revolutionary leader Daniel Ortega has made a brief visit to our country during which he met several times with Commander in Chief Fidel Castro. Ortega was accompanied by Father Miguel D'Escoto, member of the Sandinist Assembly and prestigious Sandinist leader, and by the official Orlando Gomez.

During their meetings the two leaders exchanged views on [words indistinct] the present Nicaraguan Government and in accordance with a Sandinist Front request on the matter.

The victory of the pro-U.S. National Opposition Union [UNO] in the February election does not mean the end of the Sandinist revolution, or that Sandinism is no longer the most important political force in the country, Ortega said. Commander Daniel Ortega Saavedra held a news conference in Havana today.

Ortega stressed the need for unity and coherence within the Sandinist National Liberation Front [FSLN] because the revolution is struggling from the opposition to maintain the popular conquests.

[Begin Ortega recording] We are living a very special situation because the revolution has to work from the opposition. The Nicaraguan revolution has not been defeated, and the fact that we lost the election does not mean the revolution has been defeated. The revolutionary forces have conquered their own political space in Nicaragua. From that space we are now struggling to defend what the revolution has conquered in the past years. [end recording]

Ortega analyzed the results of the recent Sandinist congress, which ratified the unity of Sandinism and convened the first FSLN congress for next year.

[Begin Ortega recording] Now we have to advance in strengthening democracy within the FSLN. What do we mean by this? It means we should work for a stronger link with the grass roots and the people, seeking their more active participation in the decision-making process. The FSLN will always be at the side of workers' demands, the organized peasant movements, the city workers, the students, and all social and economic forces in Nicaraguan society. [end recording]

Ortega condemned the White House's hostility toward the Sandinist revolution and the U.S. attempt to isolate Cuba. Ortega reiterated the Nicaraguan desire to maintain the exchange and cooperation between their two peoples. Daniel Ortega today ended his brief visit to the country during which he met with Commander in Chief Castro and thanked the Cuban people for their solidarity with the Sandinist revolution over the past 11 years.

Fidel Castro Discusses Socialist System

PA2106031290 Madrid EFE in Spanish 0126 GMT 21 Jun 90

[Text] Madrid, 20 Jun (EFE)—Cuban President Fidel Castro is not concerned about Cuba being isolated. However, he feels that the former socialist states in East Europe are like the biblical Judas who sold himself for coins.

In a long interview published today by the Spanish weekly CAMBIO 16, Castro stated that when Poland or Czechoslovakia voted against Cuba in international organizations it was because they wanted to enter the World Bank. He called them vulgar traitors.

In his opinion, these attitudes are the result of the counterrevolution which has occurred in those countries. We will see how they are paid, Fidel said, because Rome pays traitors but loathes them.

Fidel Castro, who has been the leader of the Cuban state for 31 years, does not dismiss the possibility of a direct attack by the United States. He maintains that Cuba has created the necessary conditions to thwart any attempt at aggression.

But madness is always possible, Fidel said, recalling the invasion of Panama and noting that the United States carried it out to demonstrate that it is the master of the world.

It is foolish to attempt to invade Cuba, but whoever knows the United States as we do will never trust it, especially if it thinks it can carry out an attack easily and at a low cost.

Throughout the interview, Fidel Castro admitted that the revolutionary government has committed mistakes, and he does not deny that there are some positive aspects of capitalism. He defends Cuba's own rectification process which, according to Cuban leaders, preceded the Soviets' perestroyka.

One of the advantages of socialism is development planning, while one of the advantages of capitalism is the

ability to provide quick responses to new situations. Combining the two is perfectly feasible, and that is what we are now trying to do.

According to the Cuban president, the special effort required from the workers of the island will not be forever, but for a five- to ten-year period, because it is necessary to attain development.

Fidel does not believe that the Cubans have been making special efforts or extraordinary sacrifices for three decades. Only now, he said, are they beginning to work as they should. The workers were not lazy but, like apprentices, they did not even know how to organize the production of a factory.

They have been working five hours for 30 years, Castro added. Without taking advantage of the work hours, the vices that were brought over with paternalism were numerous, he stated. For Fidel Castro, the technocrats—whom he described as the warlocks of the earlier tribe and to whom the congress of the Communist Party of Cuba bowed reverently—are the ones largely responsible for these vices.

He recalled that all of them were educated over there—an adverb the revolutionary leader now uses to refer despicably to the socialist countries. They had the key to thunder, basing themselves on the unerring experience of that which they are now destroying. We did not like their ideas, but they had really led us to believe they worked, Castro stated.

The Cuban leader does not appear at all to be afraid of being left alone on the map of revolutions, because Cuba has always stood alone as the only socialist country in this hemisphere.

Havana Notes Communist Party of Russia Congress

FL2006135290 Havana Tele Rebelde Network in Spanish 1100 GMT 20 Jun 90

[Text] CPSU General Secretary Mikhail Gorbachev has noted the need to create the Russian Communist Party cannot be postponed, although he warned that the republic should not be in opposition to the union and the Russian party should not be in opposition to the Soviet party. Gorbachev spoke in Moscow at the opening of the Russian Federation's CPSU members' conference, which turned into a constituent congress of the Communist Party of Russia.

Gorbachev delivered the main report at the conference. At the delegates' decision, the representatives of the alternate platforms, in this case the democratic and Marxist ones, also made short reports.

The 2,768 delegates of the Republic to the 28th CPSU Congress are participating in the conference. This figure is understandable because 58 percent of the members of the CPSU are communists from Russia.

The agenda of the meeting includes two points—the creation of the Communist Party of Russia and its directive organizations and the analysis of the platform drafts of the 28th Congress and the CPSU's statutes.

Gorbachev described as provocative and instigative the groundless attempts to blame the party of everything and impose the CPSU's elimination.

Creation of Russian Communist Party

FL2006202990 Havana Radio Reloj Network in Spanish 1933 GMT 30 Jun 90

[Text] The first important agreement adopted today at the CPSU conference of the Russian Federation was the formation of its communist party, which was received with applause. After some debate, the name of Communist Party of the Russian Soviet Federated Socialist Republic was adopted.

Continuing the debate on the report that was presented yesterday by CPSU General Secretary Mikhail Gorbachev regarding the situation in the country, Yuriy Prokopyev, secretary of Yakutsk party committee, said that one of the serious errors committed was implementation of perestroyka without the taking of theoretical precautions.

For their part, the conference delegates decided to present at the upcoming CPSU congress a document condemning the gradually increasing phenomenon of insulting the memory of Vladimir Ilich Lenin.

27 June End of TV Marti Test Phase Viewed

FL2006213890 Havana Tele Rebelde Network in Spanish 1700 GMT 20 Jun 90

[Report by Carlos Iglesias]

[Text] The anti-Cuban television project of the United States will complete its three-month test phase on 27 June. At that time, if President George Bush wants to make it a permanent program he will certify its efficiency to Congress.

[Begin recording] [First unidentified speaker] The television signal cannot be seen in Cuba, which has exercised its sovereign right to jam the signal. In the meantime, Washington's initiative has been classified as illegal by the appropriate international authorities. In addition, the program has been repudiated by statesmen, organizations, and many sectors representing public opinion throughout the world. Nevertheless, it seems very likely that the U.S. Administration will defend this invisible station. Its policy toward Cuba is obstinate and is very much composed of the elements [words indistinct] of U.S. power based on its influence in Florida and on Jeff, George Bush's son, who has political aspirations in that state.

[Second unidentified speaker, in English with superimposed Spanish translation] Well, I think that there is a

great possibility that President Bush will ask Congress to certify this program. He is the biggest liar in the White House and the media does not refer to such details as the fact that the project violates international law, interferes with Cuban channels, and does not contribute to relations between the two countries. Bush will use a string of lies to get the program certified. [end recording]

GRANMA has said that the teleaggression could have been dropped earlier since the signal did not appear for 32 out of 84 days, despite almost ideal weather conditions. Its promoters, the newspaper said, have resorted to disinformation or distorted polls to make people believe that the project has been successful. Cuba, however, expects nothing from the U.S. President and it will staunchly defend its sovereignty, the organ of the Central Committee of the Communist Party of Cuba said. This electronic Platt Amendment will never be allowed, the newspaper added. The project makes a mockery of U.S. taxpayers, GRANMA adds.

Commentary Views Antigua Summit, Declaration

PA2106040590 Havana International Service in Spanish 0100 GMT 19 Jun 90

["Our America" commentary by Manolo Ortega]

[Text] The Central American presidents' summit ended on 17 June, following two days of sessions in Antigua Guatemala, with the issuance of a long document which says that the essential thing is the need to sponsor regional economic integration to overcome underdevelopment.

Even though it is true that the summit's main goal was to analyze regional economic problems, it is very well known that economic development cannot be achieved as long as conflict persists in the zone.

We say this because even though the final document issues an appeal to continue the dialogue processes in El Salvador and Guatemala and to complete the disarmament of the irregular Nicaraguan forces, the presidents preferred to emphasize other issues.

The essential goal of Esquipulas II was to attain a firm and lasting peace for the region. Nevertheless, the participants of the recently concluded Antigua summit seemed to consider that peace is a reality because the final declaration talks about consolidating and strengthening the zone's economic and social development.

This summit was different from the others because, as we said, emphasis was placed on the economic issues even though thousands of Nicaraguan counterrevolutionary members have yet to be disarmed and negotiations between the Salvadoran and Guatemalan rebels and their respective governments have yet to attain peace.

The issues discussed at the Antigua summit included regional plans, the reactivation of trade between countries, and the negotiation of solutions to the foreign debt problems, among other issues. However, it is appropriate to note that those projects will always remain as long as the armed conflict prevails.

During one of the previous summit meetings, the (Sandford) Commission delivered a document to the presidents which said that Central American is trapped in a vicious circle in which the war precludes development and underdevelopment perpetuates the war. That is why political issues had a predominant role in previous meetings, because peace demands political solutions to the problems in the Central American region, which has had more than 160,000 dead in the last 10 years, almost 3 million refugees and displaced people, and 40 percent of its 28 million inhabitants living in extreme poverty.

The Antigua Declaration is undoubtedly a document full of good intentions and the presidents noted for the record their efforts to achieve economic progress, which is so necessary for the area. However, if the prevailing conflicts are not solved there is a risk they will continue going around the aforementioned vicious circle.

U.S. Secretary of State James Baker traveled to Guatemala to meet with each of the Central American presidents to ensure that future events occur in accordance with Washington's interests. Baker brought promises of economic aid in an effort to resucitate the Alliance for Progress and thus definitely vanquish the explosive social situation in the area. However, this will only delay the solution of the problems.

Havana PCC Provincial Plenum on 4th Congress

FL2006182590 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jun 90

[Text] The members of the Communist Party of Cuba [PCC] Provincial Committee in Havana are analyzing the call for the Fourth PCC Congress in their special plenum today. Victorino Lemus, first secretary of the PCC in Havana, is chairing the plenum. Jose Ramon Machado Ventura, member of the PCC Politburo, and Brigade General Sergio Perez Lezcano, member of the PCC Central Committee Secretariat, are accompanying Lemus. The over 300 participants of the plenum—including committee members, and guests of the government, the Union of Young Communists, and mass organizations—have so far analyzed everything related to the structure and operation of the party as well as the exemplarity of party members.

Alberto Beltran, member of the PCC Provincial Committee said:

[Begin Beltran recording] As a result of the cadre policy, the replacement of cadres, a group of comrades who join the party do not have a lot of work experience. They have something working in their favor; they do not follow inflexible procedures; they have not been submitted to a certain work regime, style, or way of doing things for

years. Many of us did not know how to break away from those work styles and have had to give way to new comrades. [end recording]

More attention to the party's nuclei, that fact that party members should be at the center of the problem, and that the masses should learn about the active involvement of party members in difficulties, have been the subjects discussed so far at the Havana Province special plenum.

Ciego de Avila Holds Provincial Plenum

FL2006180090 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jun 90

[Text] PCC Politburo member Jorge Risquet Valdes and Melba Hernandez, heroine of Moncada and member of the PCC Central Committee, are attending the special plenum of the Communist Party of Cuba [PCC] Provincial Committee in Ciego de Avila. The participants of the special plenum are analyzing the call for the Fourth PCC Congress.

Numerous people have made remarks up to now. The work of the party, mass organizations, and the Union of Young Communists is being analyzed. There has been agreement on the need to restore the meetings of exemplary people [asamblea de ejemplares] as a way of being admitted to the party.

Regarding the structure, thoughts such as the following have been expressed:

[Begin unidentified speaker recording] Even more, to prepare us, to prepare better the members of the provincial committees for their participation, but not participation for the sake of doing so. Sometimes provincial committee or municipal committee members participate but they do so for the sake of participating. The matter is not making the roll call at meetings, debates, and discussions. I believe that the important thing is to face the policy of the revolution and the party. As the document we read says... [corrects himself] as the document given to us says; the matter is to argue, convince, and persuade those who have incorrect ideas; those who think differently from the party policy; and those who truly are against the policy of the party anywhere they may be. [end recording]

The analysis of economic efforts, the process of rectification of mistakes, and the People's Government work is yet to be discussed.

Camaguey PCC Officials Meet Religious Leaders

FL2006235690 Havana Radio Rebelde Network in Spanish 2327 GMT 20 Jun 90

[Report by Manuel Cano Iglesas from Camaguey on the "Exclusivo" program]

[Text] Good evening, Cuba. Religious leaders, Christian pastors from Camaguey, and representatives from several denominations represented by the Cuban Ecumenical Council, as well as representatives from other Protestant churches, especially those invited to attend, held a meeting with provincial leaders of the Communist Party of Cuba [PCC] and with government officials in the territory. The meeting was presided over by Noel Gonzalez, member of the Camaguey Province Executive Bureau, and Raul Suarez, president of the Cuban Ecumenical Council, as well as others. The meeting was held in a climate of frank comprehension where the participants stressed their mutual interest in enriching the Christians' relations with the state and the PCC to consolidate the work of the revolution and eliminate all prejudice that leads to discrimination.

This fraternal exchange is a continuation of the meeting Fidel had in Havana City with religious leaders from several Cuban Christian churches. The meeting consolidates the purpose of bringing the matters discussed throughout the nation to the provincial level at a time when the fatherland requires firm unity among revolutionaries without regard to creed, which will help further improve the growing relations of the Church with the country's political and administrative leaders.

The meeting provided a good opportunity for an interesting dialogue where the participants exchanged precise views on the previous, current, and future development of relations between revolutionary religious followers, party members, and the government. The religious leaders publicly acknowledged the advances, achievements, and difficulties the revolutionary state has confronted over the years. In a frank and sincere dialogue, they acknowledged the need to continue producing changes within the framework of the rectification process which will contribute to the well-being of Cuban society without abandoning the sacred principles of the socialist state. The religious leaders expressed their views that faith cannot be an obstacle to their full participation in the country's political life.

The prevailing view at the meeting was that Commander in Chief Fidel Castro has made, with wisdom, an extraordinary contribution to the world's political thought.

Joint Cuban, Brazilian Enterprise To Begin 1992

FL2006141090 Havana Radio Rebelde Network in Spanish 1215 GMT 20 Jun 90

[Text] Brazilian Health Minister Alceni Guerra has announced that Brazil is studying the possibility of creating a joint enterprise to produce the antimeningococci vaccine in that South American country. Minister Guerra will visit Cuba in the near future.

Guerra said that Cuba and Brazil will sponsor a study to evaluate the effectiveness of the type B vaccine that was discovered by Cuban scientists. Guerra added that Cuban and Brazilian scientists will begin a program to exchange vaccine cultures and information on methods for evaluating the vaccine. The exchange will be headed by the Cuban production center and the Adolfo Luz Institute in Brazil.

According to Minister Guerra, Brazil would invest $800 million in the joint enterprise, which is scheduled to begin operating in 1992.

Havana Notes Surinamese Rebel Attack on Suralco

FL2006205490 Havana Radio Reloj Network in Spanish 1937 GMT 20 Jun90

[Text] The insurgent Jungle Commando in Suriname today dynamited port offices and installations of the bauxite factory in Moengo, which has been caught between the crossfire of the Army and the rebels since yesterday.

According to a military report issued this morning by radio sources in the small Caribbean state, the threat of demolishing the Suriname Aluminum Company [Suralco], approximately 100 km southeast of the capital, Paramaribo, became a reality this morning. The same sources also reported intense fighting in the outskirts of Moengo and in the vicinity of the town of Albina near the Maroni River, which separates Suriname from French Guiana.

An Army spokesman said that after the explosion that destroyed the Suralco installations, the members of the Jungle Commando demanded a meeting with President Ramsewak Shankar, who opposes the offensive unleashed against Moengo, stronghold of the guerrilla group.

Inter-Caribbean Affairs

Sandiford Addresses Seminar on Decolonization

FL2006150290 Bridgetown CANA in English 1408 GMT 20 Jun 90

[Text] Bridgetown, Barbados, June 19, CANA—Barbados said on Tuesday [19 June] that a major task facing the United Nations was to help small non-self-governing territories largely found in the Caribbean and Pacific regions in determining their own future.

Prime Minister Erskine Sandiford said Barbados maintained a "special interest" in such territories in the Caribbean. They include the British dependencies, Anguilla, Montserrat, the Turks and Caicos Islands, the Cayman Islands, Bermuda, and the British Virgin Islands as well as the United States Virgin Islands.

"We believe that size should not be a deterrent to free expression of the will of the people," Sandiford told the opening of a three-day regional seminar here on decolonisation. "Nor should economic size be an insuperable determinant."

The seminar is part of a UN programme of activities marking the 30th anniversary of the General Assembly's December 14, 1960 Declaration on Decolonisation, a landmark document that gave impetus to the independence movement that swept many parts of the world in the 1960's and early 1970's. Sandiford said since the UN special committee on decolonisation was established, some Caribbean countries have gained political independence.

"Barbados believes," he said, "that all peoples should determine freely their present and future status, whether they wish to gain independence now, whether they wish to retain their status with the colonial or administering power into the foreseeable future, or whether they wish to retain that status in the short or medium term until they can adjust their economic, social, or political circumstances preparatory to exercising their right to freedom and independence."

Special committee chairman Ethiopia's Tesfaye Tadesse noted that several territories, particularly in the Caribbean, had progressed towards self-reliance and enjoyed a standard of living in some cases comparable with the industrialised countries. In the majority of them, for reasons including remoteness, limited natural resources, scarcity of arable land, and a limited local market, a great deal remained to be accomplished, he said. One of the seminar's tasks, Tadesse said, was to examine the economic and social conditions in those small island territories and in the light of the views expressed by the peoples concerned, formulate concrete suggestions that may help to find appropriate solutions to their specific problems. And, he outlined a nine-point list, of what he said were the leading concerns of those peoples:

1. The need for specific programmes to guide and assist economic development through greater self-reliance.
2. Adequate agricultural programmes aimed at reducing the current heavy dependency on food imports.
3. Creation of adequate economic infrastructures and upgrading of transport and communication to overcome adverse economic effects of remoteness and isolation.
4. Maritime jurisdiction and marine resources.
5. Environmental degradation.
6. Increased transfer of resources to create new economic activities and generate employment.
7. Preservation and enrichment of their cultural heritage.
8. Development of the tourist industry without causing cultural disruption or marginalisation of the population.

9 Military activities and related installations that impede the decolonisation process.

Tadesse said it was the committee's responsibility to ensure that all of the peoples in the remaining territories were able to exercise their right to self-determination and to ascertain that any such exercise was the free expression of the peoples acting with complete knowledge and awareness of the options open to them.

Prime Minister Sandiford said Barbados realised that sovereignty was the most natural form of a people's existence, "that the freedom of determining one's own destiny is the very birthright of all peoples."

"Let me remind you," he told participants, "that the highest form of political, economic, social, and cultural independence in each individual Caribbean territory will come through regional integration and self-reliance. We must remember that for political freedom to be real, it must rest on independent economic foundations."

Antigua and Barbuda

Opposition Leader Wants Minister's Resignation

FL2006165990 Bridgetown CANA in English 1622 GMT 20 Jun 90

[Text] St John's, Antigua, June 20, CANA—Leader of the opposition Antigua-Caribbean Liberation Movement, Tim Hector, has called on Agriculture Minister Hilroy Humphreys to resign his cabinet post because of his involvement in monetary transactions with a foreign businessman, Maurice Sarfati. The call by Hector, editor of the weekly newspaper, OUTLET, followed a public admission Monday [18 June] by Humphreys that two payments had been made to his personal bank account by Sarfati.

Hector's OUTLET newspaper has reported that a total sum of U.S. 9,000 dollars had been deposited into Humphreys' account in a bank in Florida, USA, in 1987 by Sarfati, a key figure in the current controversy involving the use of Antigua in the illegal transshipment of Israeli arms to Colombia. Humphreys on Tuesday [19 June] admitted that two payments, one for U.S. 4,000 dollars and another for U.S. 5,000 dollars, were "transferred to my account," and claimed that "local Antiguans have from time to time transferred monies to my account for other reasons."

But Hector told CANA: "There is now only one honourable course open to Minister Humphreys, and that is to immediately tender his resignation from the cabinet to the prime minister. The people of Antigua and Barbuda will want to know what kind of politics would allow a cabinet minister of this country to have a controversial businessman depositing sums of money into a foreign bank account belonging to a government minister."

Hector said he was aware of a news report that Minister Humphreys had threatened to sue him for libel.

"When the libel action is instituted, as threatened, there are lawyers who will respond accordingly," said Hector.

Haiti

Electoral Law Publication Awaits Creole Version

FL2006163190 Port-au-Prince Radio Metropole in French 1600 GMT 19 Jun 90

[Text] Regarding the electoral law—which everyone is still awaiting—LE NOUVELLISTE explains that, at the request of the Provisional Electoral Council [CEP], the executive is waiting to receive the Creole text of the electoral law before publishing both versions, the French and the Creole, in the official gazette LE MONITEUR. The CEP's linguistics expert, Yves Dejean, is putting the finishing touches on the Creole text, which should be ready in two or three days at the latest.

The French version of the law, submitted to the executive last week, has 162 Articles. Among other things, the text provides for general elections at all levels and for the printing of single bulletins at the CEP's expense. Also, the polling places and the voter registration offices will be one and the same.

Unity Committee Against Signing by Legagneur

FL2006162190 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 20 Jun 90

[Excerpts] The Unity Committee for the Respect of the Constitution has sent Venezuela's Foreign Minister Dr. Planchart Reinaldo Figueredo a telegram to inform him that Mrs. Violene Legagneur has no right to sign anything whatsoever in the name of the Haitian Government and people. In this telegram, the Unity Committee informs all the participants in the regional conference, which is being held in Caracas and is about the debts owed the large countries by the small countries, that Mrs. Legagneur does not represent the Haitian Government. [passage omitted]

The telegram is signed for the Unity Committee by Mrs. Denise Fouchard, Mrs. Gladys Lauture, the Reverend Father Antoine Adrien, Renaud Bernadin, Mr. (Mica Michard), Pierre Gaston, and Antoine Izmery.

The Unity Committee had already informed the Provisional Electoral Council [CEP] that it does not agree with Mrs. Legagneur's signing the electoral law, which the government has had since 14 June and which it has not been able to make public.

Meanwhile, a press release from the Ministry of Economy and Finance says that, as the public knows, a new account has been opened for the CEP at the BRH [Banque de la Republique d'Haiti, the national bank]. Jean-Robert Sabalat and Harold Julien, president and treasurer of the CEP, respectively, are authorized to write checks on this account.

Thus, the CEP has never stopped work. The CEP is continuing to work while waiting for the electoral law to be published so the electoral process can be set up. [passage omitted]

News Conference on New Political Front's Policy

FL2006174390 Port-au-Prince Radio Metropole in French 1600 GMT 19 Jun 90

[Monitored in progress]

[Text] ...contested elections of 17 January. That is, roughly, what was said this morning during this news conference.

The conflict between the executive and the State Council was also discussed. The National Front for Change and Democracy [FNCD] asks President Trouillot to respect the protocol agreement signed before she was installed as head of the government.

We are going to examine, with Evans Paul, an FNCD leader, main lines of this FNCD.

[Begin Paul recording, in Creole] Considering that it is not just since yesterday that the Haitian people have been asking the organizations and political parties that are truly fighting for change and democracy to rally all the truly democratic forces; and considering that it is necessary for progressive organizations and political parties whose grass roots lie in the different sectors of Haitian society to come together to establish a political front to provide proper support for national popular demands and increase the chances for the democratic forces to take power through the coming elections; and considering that cooperative action by a number of political parties and democratic organizations will permit us to avoid having a plethora of candidates, which would create confusion and many problems, especially regarding the office of president; and considering that the regrouping of the democratic forces will permit us to bar the way to the enemies of change and democracy, bar the way to all those who (?refuse) to hear the popular and national demands; and considering that today it is necessary to create the conditions for the formation of a cooperative government that would represent all the nation's progressive sectors so we can together work and obtain proper results to succeed in rebuilding the country after the coming elections on the basis of level-headed solutions without demagogy, solutions negotiated with the different partners that make up the society:

We, the representatives of the political parties and organizations and groups signing this document, have a mandate to form a political front called the National Front for Change and Democracy, FNCD.

This front promises to carry out the mandate that the popular will might give it in the coming elections—on the basis of a cooperative program for a real transition to democracy.

The FNCD is temporarily headed by an executive secretariat comprised of officials of the parties and organizations signing this initial document. It will be this secretariat's mission to:

1. Take initiatives to bring other parties, groups, and organizations into the Front, which remains open to all democrats who agree with the idea.

2. Coordinate the Front's activities until the Front's definitive political bureau is set up.

3. Draw up documents, such as protocol agreements, statutes, a work program, and a program of governmental action, so all the Front's member organizations can discuss these things and reach agreement on them. [end recording]

Those are the explanations of Evans Paul, an FNCD leader. We will have more details of the news conference held this morning at the Oloffson Hotel on our 1800 newscast.

[Port-au-Prince Radio Nationale in French at 1700 GMT on 19 June, broadcasts a similar report in which Dr. Turneb Delpe of the National Democratic Progressive Party of Haiti, PNDPH, reads the document creating the FNCD—which is the above statement by Evans Paul, but includes a list of the signers of the document: PNDPH, Dr. Turneb Delpe and Seymour Romain; National Congress of the Democratic Movements, Conacom, Victor Benoit; Party of Haitian Republicans [Parti des Republicains Haitiens], Patrick Henry; National People's Front, FNP, (Lonesse Joseph); Baptiste Peasants Assemblage, RPB, (Sadrac Cameau); Coordinating Body of Young Peasants of the Central Plateau [Koordinasyon Jen Peyizan Plato Santral, KJPPS], (Elie Pierre); Haitian Workers Committee, COH, Idli Cameau; and 17 September People's Organization, OP-17, Frantz Patrick Beauchard.]

Also, Port-au-Prince Mayor Carmen Christophe's political party is now almost official. The party's name is Party of National Unity [Parti de l'Unite Nationale], and its offices are on Reunion Street, very near the Church of God on that street, very near the Law Courts. Thus, this party, the (Plu), Party of National Unity, has been born; and its founder is Carmen Christophe, former mayor of Port-au-Prince. The party will be holding a news conference soon to set forth its options.

The party of course intends to participate in the coming elections, however, its presidential candidate has not yet been designated. Nevertheless, behind the scenes it is already being said that Carmen Christophe will represent the Party of National Unity in the coming presidential elections.

Jamaica

Surinamese Foreign Minister on Official Visit

FL2006142490 Bridgetown CANA in English 1341 GMT 20 Jun 90

[Text] Paramaribo, Suriname, June 19, CANA—Suriname and Jamaica are expected to sign an agreement this week for cooperation in the fight against illegal drugs. Suriname Foreign Minister Eddy Sedoc, who is now on an official visit to Jamaica, said it is one of the matters to be tackled as part of his government's policy on regional integration. Sedoc will also discuss the strengthening of economic and technical co-operation with Jamaica. The Suriname foreign minister, who is accompanied by two ambassadors and other officials, is also expected to visit other regional territories with the same mission.

Meanwhile, Guyana's outgoing ambassador to Suriname, Donald Abrams, said in his farewell speech that Suriname will better integrate in the region if it actively participates in regional institutions such as the Caribbean Community (Caricom). Abrams said that by actively participating in Caricom, Suriname will be able to take advantage of markets other than those it has in Europe. Abrams was Guyana's ambassador to Suriname for just over three years and will take up a new post in Zambia.

Trinidad and Tobago

Country To Receive $850-Million IDB Loan

FL2006223090 Bridgetown CANA in English 2209 GMT 20 Jun 90

[Excerpt] Port of Spain, Trinidad, June 20, CANA—Trinidad and Tobago is to benefit from a U.S. 850 million-dollar loan package from the Inter-American Development Bank [IDB] over the next four years, IDB President Enrique Iglesias announced on Wednesday [20 June]. This compares to a total of U.S. 185 million dollars to the country in the last 30 years.

At a news conference here before leaving for Venezuela, Iglesias signed three agreements for IDB loans aimed at supporting the government's housing infrastructure programme and settling some of the country's squatters. The 82.6 million dollar settlements programme is the fourth large-scale loan signed between the IDB and Trinidad and Tobago, which was once a major creditor in this region. It will provide 5,000 new lots under this country's infrastructural housing programme and allow credit for home building, provide settlements money for 2,500 local squatters, and upgrade the project-implementation skills of the settlements' ministry and national housing authority. [passage omitted]

El Salvador

FMLN Attacks Minister's Home, Military Post

PA2006214890 Paris AFP in Spanish 2032 GMT 20 Jun 90

[Text] San Salvador, 20 Jun (AFP)—Salvadoran official sources have revealed that urban guerrilla commandos attacked the residence of the Salvadoran labor minister and several military positions in San Salvador today, without inflicting any casualties.

A military bulletin stated that the rebels shot from a taxi against Labor Minister Mauricio Gonzalez' home located in the Maquilishuat neighborhood in the western part of San Salvador.

The bulletin adds that no one was wounded or killed as a result of the attack.

It was reported that a few minutes after this attack, urban guerrillas threw explosives at the headquarters of the Civilian Defense, a paramilitary corp located in Dolores neighborhood in the southern part of San Salvador, without inflicting any casualties.

In addition, the Armed Forces Press Committee reported today that at least three Farabundo Marti National Liberation Front (FMLN) guerrillas were wounded during clashes that took placed in San Francisco Morazan, northern Chalatenango Department during the last 24 hours.

Also it was reported that early this morning the guerrillas blew up two primary power towers in the western part of the country and four power posts in the central part of the country. As a result of this action, large parts of the country experienced power outages this morning.

Although the peace talks between Alfredo Cristiani's government and the FLMN were resumed in Mexico on 19 June, neither side has halted its military operations.

Counterinsurgency battalions are conducting wide-scale operations in several areas throughout the country, looking for guerrillas, while the rebels continue to sabotage power sources and attack military positions.

Reportage Views Government-FMLN Negotiations

FMLN Leader Criticizes Cristiani

PA2006180790 San Salvador DIARIO LATINO in Spanish 18 Jun 90 p 6

[Text] "If Cristiani does not negotiate within the next few months, he will have ruined his entire presidential term, and he will not be able to offer the economic reactivation of the business sector that took him to power," said Salvador Samayoa, political leader of the FMLN [Farabundo Marti National Liberation Front] and a member of the Dialogue Commission that will attend the new round of talks in Mexico as of 19 June.

Samayoa said that Cristiani understands this, and he understands that the days of U.S. military assistance are numbered, and that if he does not negotiate under the present circumstances, he will have to do so from a weaker position.

The rebel leader was interviewed in Mexico two days before the opening of the new round of dialogue.

As for the dialogue itself, Samayoa said that the issue to be discussed in Mexico is the demilitarization of society and the government's viewpoints on what he calls the "evolution of the Armed Forces."

As for how realistic these negotiations will be, Samayoa said that the FMLN thinks that to determine the viability of the negotiations and the democratic achievements, it is important to maintain the correlation of forces. "Our expectations are based on this analysis and not on betting on the goodwill of the other party."

Samayoa added that "we are not so naive as to think that the government, the Army, or the party of the 'death squads' is going to yield at the negotiations table for the love for peace."

Likewise, the member of the FMLN commission said that one cannot speak about a specific political opportunity—rather, this is determined by all the internal or international forces that it supports.

When asked if he thought conditions in the Army were developing toward putting an end to the war, the FMLN political leader answered: "I would not say that the conditions are ripe. The military knows it would be the loser in a negotiated settlement."

According to the rebel commission member, the military is going to oppose a negotiated settlement, but it no longer has enough political or military force to block the negotiations. "Their traditional support is fading. Now the United States accepts the need to purge the Army, to bring to trial those who are responsible for crimes, to dissolve the security corps, to drastically reduce the size of the Army, and to subordinate the Army to civilian authority," Samayoa insisted.

Concluding, Samayoa said that following the invasion of Panama and the Sandinist defeat in Nicaragua, the United States no longer thinks that El Salvador merits any big investment. In recent years, El Salvador has ranked fifth in U.S. foreign assistance following Egypt, Israel, Turkey, and Pakistan.

FMLN Participation Questioned

PA2106004190 San Salvador EL DIARIO DE HOY in Spanish 19 Jun 90 p 2

[Unattributed article]

[Text] The FMLN-FDR [Farabundo Marti National Liberation Front-Democratic Revolutionary Front] approaches the negotiating table today afflicted by vices

like a lack of unity among its commanders and a code of conduct outside any moral norms, among others.

Regarding the lack of unity, no agreement reached by the leadership—also divided—guarantees compliance by the mid-level commanders and the rank and file. Regarding the code of conduct, this represents the irresponsibility of those who are guided by a different code of conduct or, better still, by a total absence of morality.

Political analysts said yesterday that this would explain the incongruity between the FMLN-FDR's international position—that they reportedly advocate the peace-seeking efforts—and the acts of terrorism that are simultaneously unleashed to strengthen their proposals in the negotiations with the government.

This is how political analysts view the upcoming round of talks between the government and the FMLN-FDR in Mexico City, scheduled to start on 19 June. Meanwhile a virulent increase in violence is occurring in El Salvador.

The sources said that the FMLN-FDR have invariably dealt terrorist blows immediately before the rounds of "dialogue," which have been held since 1984, first with Duarte's Christian Democratic government and now with Cristiani's government.

The last of these blows was the criminal offensive launched against the civilian population on 11 November 1989, one week before the meeting between the FMLN and the government in Caracas, Venezuela.

The sources said that two groups abiding by totally different values will sit together in Mexico City. On one side are the members of the government commission, which responds to the institutional mandates of the laws emanating from a de jure state, and to moral and ethical principles, on a personal basis. On the other side are the leaders of groups who do not abide by the law and who are not guided by any principles which imply respect for human values.

Editorial on Progress of Talks

PA2106040490 San Salvador LA PRENSA GRAFICA in Spanish 19 Jun 90 p 7

[Editorial: "A Decisive Round of Dialogue"]

[Text] A new round of talks between the government and the FMLN [Farabundo Marti National Liberation Front] begins today in Mexico. Although these meetings always produce a certain amount of expectations, these meetings now are held in such a confidential manner under the UN auspices that the "show" atmosphere of other times is gone. We must admit that this favors the process, although it must be handled in such a manner that at least timely information is available on the proceedings so that the people will become more confident about the process. We must admit that now, as in other occasions, there is a great deal of skepticism because of the difficulties in reaching a general political agreement on controversial and thorny issues. In announcing the date and place of the meeting, the president of the Republic described this meeting as a "key" one for the effective continuation of the process. That is the case, because in this meeting the representatives will discuss basic issues. An agenda for this meeting was discussed and approved in last month's meeting in Caracas.

Regardless of what efforts have been made in the dialogue throughout the process of negotiations, we must admit that progress has been made. The negotiations continue and the help of such important mediators, like the representative of the UN secretary general, is guaranteed to replace the previous confusing system of several witnesses and the list of general topics that were to be developed throughout the entire process. There is now a more clear picture. However, it is here where greater problems will arise because there are evidently great differences among the parties. Perhaps many of these problems will not be obstacles in reaching basic agreements.

Given the specific discussions about the basic issues, both the government and the FMLN have to show their good will and their realism about following the best path. It seems to us that although these tactics are inevitable, the time when tactics were the main ingredient of efforts has passed. Both sides should be very clear at this stage of the negotiations. He who clings to the tactics for war is way out of line, and he will pay a price for this. Time is the best ally today for a reasonable agreement.

Armed Forces Support Government

PA2106004890 Panama City ACAN in Spanish 2213 GMT 20 Jun 90

[Text] San Salvador, 20 Jun (ACN - EFE)—The Salvadoran Armed Forces will support "any" position adopted by the government in the talks that are being held with the guerrillas in Mexico, an Army communique said today.

"The Armed Forces, as an important government component, is ready to support the position adopted by the administration of President Alfredo Cristiani in the talks with the guerrillas because it knows that the principal objective is peace," the communique added.

According to the Army, "now it is up to the FMLN (Farabundo Marti National Liberation Front) to do the same, so that its attitude will be in line with the current democratic realities of Latin America and Europe."

The Salvadoran Government and guerrilla delegations have been meeting since yesterday in Oaxtepec (Mexico), under the auspices of the United Nations, to discuss the demilitarization of Salvadoran society.

The Armed Forces communique states that it can "reduce" the 56,000 troops it currently has if the FMLN ends the armed struggle, lays down its weapons, and joins the country's democratic life.

"The Armed Forces are ready to reduce the number of military troops once the FMLN adopts a similar attitude, abandons the struggle it has waged for 10 years, and rejoins the country's productive activities and democratic life," the military communique stated.

The rebels have refused to lay down their weapons as long as a "real" democratic process does not exist in the country to guarantee the exercise of political liberties. The Army expressed the hope that during this second round of talks, "progress" will be reached in the peace process of the country. This process has been torn by a 10-year war that has resulted in 70,000 deaths.

The government and the guerrillas began the talks last 16 May in Caracas, Venezuela under the auspices of the United Nations. They agreed on an agenda and timetable to secure a cease-fire by this coming September if progress is achieved in the negotiations.

Vice President Defends Existence of Armed Forces

PA2106040390 Panama City ACAN in Spanish 1946 GMT 20 Jun 90

[Text] San Salvador, 20 Jun (ACAN - EFE)—Salvadoran Vice President Francisco Merino stated today that the Armed Forces cannot "disappear" as a result of political agreements arising from the process of demilitarization in society. Salvadoran Government and guerrilla delegations are currently discussing this topic in Mexico.

Merino said that the Salvadoran Army is an institution provided for by the constitution and it "cannot disappear as a result of a political decision, because (demilitarization) implies very serious considerations and constitutional reforms.

"It must be understood that a situation like that will occur when the guerrilla aggression disappears," Merino said. He noted that "just as the FMLN (Farabundo Marti National Liberation Front) will make adjustments to fulfill the agreements, the Army will also adjust its troops according to the new situation."

Salvadoran Government and FMLN delegations, with the mediation of the United Nations, are holding talks for the second consecutive day in Oaxtepec, Mexico, to discuss aspects related to the country's democratization, including reforms to the Salvadoran Armed Forces.

The Armed Forces, composed of more than 56,000 men, reiterated yesterday its "relentless" commitment to defend the country from any "terrorist aggression" in view of the rebel threat to launch a large-scale military offensive if an agreement is not reached.

Merino voiced the hope that the talks with the rebels will result in a cease-fire by no later than 15 September, as it was agreed to by both delegations on 22 May in Venezuela.

Cristiani: Salvadorans Not Involved in Murder

PA2106000590 San Salvador LA PRENSA GRAFICA in Spanish 19 Jun 90 p 59

[Report by correspondent Mario Erwin Larin]

[Text] Antigua, Guatemala, 18 June—According to reports by Guatemalan President Vinicio Cerezo, President Alfredo Cristiani said yesterday that no Salvadoran was involved in the death of leftist leader Hector Oqueli Colindrez.

The Salvadoran president received a report with the findings on the Oqueli Colindrez case on 18 June. However, President Cristiani said that he had not read the report yet.

Moreover, President Cristiani denied that the military attache of the Salvadoran Embassy to Guatemala was involved in the case, as it was reported earlier by unofficial sources.

After meeting in Antigua with James Baker, the U.S. secretary of state, President Cristiani said that Baker promised him that the U.S. economic assistance for El Salvador for 1991 will be delivered completely and without conditions.

The economic assistance for El Salvador, totalling $300 million, includes a part earmarked for the Armed Forces to help finance the military effort against the Farabundo Marti National Liberation Front guerrillas. This portion of the economic assistance is being reduced and conditioned because of an initiative by the U.S. democrats, but the government of President Bush, through James Baker, is trying to reach a bipartisan agreement to avoid its reduction.

Cristiani met privately with Baker and they talked about improving the judicial system in El Salvador and the democratization process. However, they did not discuss the foreign debt issue.

Navy on Alert To Prevent Weapons Smuggling

PA2006171990 San Salvador EL DIARIO DE HOY in Spanish 19 Jun 90 p 2

[Text] The National Navy is on a state of alert to prevent the entry of mercenaries into the country. According to Army intelligence reports, the mercenaries will try to bring weapons and men into the country to launch a new terrorist offensive.

These reports have been confirmed by Captain Fernando Menjivar Campos, the new National Navy commander, who recently replaced Colonel Humberto Villalta.

Despite the calm situation that has prevailed over the past few days, Capt. Menjivar reported that Navy personnel are on a state of alert to prevent the aforementioned smuggling of arms and supplies for the FMLN [Farabundo Marti National Liberation Front].

Meanwhile, Capt. Menjivar said that the violation of territorial waters by Nicaraguan fishermen has been reduced.

To maintain good relations with the new Nicaraguan Government, he added that the Navy does not arrest the Nicaraguan fishermen; instead, through loudspeakers they are warned that they are violating Salvadoran waters.

He stated that the Salvadoran Coast Guard has a device known as SAT/NAV that is being used to determine their exact position while at sea, thanks to a satellite signal it receives.

Regarding the peace process initiated by the current government, Capt. Menjivar said: "We will continue to support the president and commander of the Armed Forces in his quest for peace and democracy."

Capt. Menjivar said that the National Navy will continue to work hard to fight the smuggling of drugs by sea. He concluded that the Navy will begin a training course for personnel to search for drugs more effectively on ships.

Guatemala

U.S. Efforts During Summit Lauded

PA2006234990 Guatemala City PRENSA LIBRE in Spanish 19 Jun 90 p 10

[Editorial: "Baker and the Antigua Summit"]

[Text] The Central American presidential summit at Antigua has turned out to be more important than expected. The declaration signed by the presidents was another historic effort to improve the Central American situation, which has deteriorated for foreign and domestic reasons that are known to all.

Although we will discuss the declaration in detail at a later date, the document, complementary to the Esquipulas II agreements, is an indication that the presidents have shunned bad Central American literature and have seriously started to talk about all the reasons that have halted progress in our region.

How is this summit different from previous ones? It is different in several ways. One of them is that "new" presidents, like the ones from Costa Rica, Panama, Nicaragua, and Honduras, participated in the summit along with presidents who have been in office for a longer period of time, such as Salvadoran President Cristiani and Guatemalan President Cerezo.

In addition, the presidents met at a time when the area governments have several aspects in common: They are all civilian governments that resulted from free elections—except, of course, for Mr. Endara.

Although the meeting was described as an "economic summit, the topics discussed at the summit went beyond this limited description. The agenda was saturated with the theory that peace and development are elements that are closely linked and must go together.

For the first time, the presidents dared to say that the armed conflicts in Guatemala and El Salvador (although they did not mention these countries by name) are a result of a "vicious circle of poverty and frustration."

They expressed this through the following words:

"Peace, which takes the path of development first, demands that we face the future with hope, undertake our tasks of development with energy and imagination, and handle economic growth with a greater and fairer distribution of its benefits. Only this attitude will allow us to break our vicious circle of poverty and frustration. War and violence are acts of human cruelty, but poverty is an act of neglect that we must confront. Violence is beginning to be part of a history that we will not forget, but that we must not repeat. We are beginning to travel along other paths now. For that reason and because we have listened to the outcry of our people, we have asserted that we do not want any more violence and war. Instead, we want to invest that energy in the development of the Central American people."

The six presidents—and this must not be overlooked—agreed to "Give our firm support to the dialogue presently being held between the National Reconciliation Commission [CNR] and the Guatemalan National Revolutionary Unity that began in Oslo this year and has continued in Madrid."

The Guatemalan Government must feel strengthened by this statement, and it should, once and for all, decide to seriously pursue peace negotiations, because peace cannot be reached by the CNR and guerrilla representatives alone. The CNR only facilitates the talks between the rebels and the most important country's legal sectors—such as political parties, business groups, and so-called "social" groups. The CNR is doing a job that is eminently conciliatory. This was clearly noticeable at the Madrid meetings. Some people, however, still do not understood the commission's conciliatory nature. The commission's work will end when Guatemalan Government officials sit face-to-face with rebel leaders and sign an agreement that will lead to a firm and lasting peace.

Another factor that made this summit different from previous ones is Mr. Baker's presence in Antigua. For many years, the United States has invested a lot of money in wars in this region. Sometimes it invested money to protect governments like the one in El Salvador. Other times it did so to topple governments, as in the case of the Sandinist regime in Nicaragua. It has been published that the U.S. Government invests approximately $500 million to prevent the Salvadoran Government from being toppled by the Farabundo Marti National Liberation Front. The money designated for the smallest Central American country in the past 10

years of war must be added to the resources given to the contras and money invested in actions in Panama and other countries.

However, the United States will obtain more and gain more if it invests in actions that promote peace, human rights, and democratization. Also, it will gain more if it invests in actions that will cause internal situations that generate discontent and cause war to disappear.

Armed conflict is a tragedy for all but more so for countries that are poor and have limited resources, such as the ones in the Central American region. Fratricidal wars directly hinder all efforts to improve public health, education, and all actions leading to the total development of our countries.

For this reason, the moral and political support given by the current U.S. Government to the regional efforts to solve our internal conflicts in a peaceful manner merits our full and positive recognition. Mr. Baker's presence in Antigua will decidedly strengthen the position adopted by the regional presidents. Central America can only reach an adequate level of well-being through peace.

Baker's Visit Said Not Linked to Human Rights

PA1906010790 Guatemala City Teleonce Television in Spanish 0400 GMT 18 Jun 90

[Text] Guatemalan Foreign Minister Ariel Rivera has flatly denied that U.S. Secretary of State James Baker's visit to Guatemala is linked to human right problems in our country.

Baker is the first high-ranking U.S. official to visit Guatemala since the governments of the two countries were involved in a diplomatic conflict last March as a result of statements made by Ambassador Thomas Stroock, who questioned the way in which human rights issues are handled in Guatemala.

Minister Rivera forestalled conjectures that Baker's visit was linked to the human rights issue in our country.

URNG Rejects President's Statements on Security

PA2006235090 Guatemala City PRENSA LIBRE in Spanish 19 Jun 90 p 47

[Text] Miguel Angel Sandoval, member of the political-diplomatic commission of the Guatemalan National Revolutionary Unity (URNG), has said in a news bulletin that the URNG has rejected President Vinicio Cerezo's statements. According to international news agencies, Cerezo had said that the political parties and the government could guarantee the Guatemalan rebels' safety.

Sandoval added: It was said in San Jose, Costa Rica, that the political parties cannot guarantee anyone's safety in Guatemala, as President Cerezo said, because the government and the Guatemalan Armed Forces must guarantee it.

The demilitarization of the Guatemalan society, the existence of a state of law, and the implementation of a functional and participative democracy are essential requirements, Sandoval said.

In conclusion, Sandoval said, the Guatemalan president's statements sound like he is trying to undermine the favorable atmosphere created by the talks held in Spain, which are part of the process agreed to in Oslo, Norway, and which must continue with meetings with other Guatemalan social groups.

Army Spokesman Rejects Reduction in Army Size

PA2106000690 Panama City ACAN in Spanish 1625 GMT 20 Jun 90

[Text] Guatemala City, 20 Jun (ACAN-EFE)—Army spokesman Colonel Arturo Isaacs said today that the Guatemalan Army does not want a reduction of its troops. This issue was discussed for the first time at the Central American summit held here this past weekend.

The military leader told ACAN-EFE that it is not possible to talk about a reduction of all armies in the area because "each one of our countries faces a different situation."

"Because of guerrilla operations in Guatemala, "it is currently impossible to talk about a reduction of military troops," Isaacs said. [quotation marks as received]

He added that "the Central American presidents talked about a reduction in the size of armies in order to channel money for other purposes. However, a blanket treatment should be avoided, because each one of our countries is different."

According to the Guatemalan Army spokesman, there are "parties that are interested in seeing the defenders of the people disappear, and they are urging and promoting a reduction in the size of these armies; however, they have not succeeded in Guatemala."

The colonel believes that the Guatemalan Army "is a tradition." "The people have recognized its work as an armed force, and they also have recognized its actions in their favor; this makes a reduction in size very difficult."

Although this point was only mentioned indirectly in the summit's final communique, Costa Rican President Rafael Calderon said that his colleagues commented on the need to reduce military expenditures. This implies a reduction in troops.

A high-ranking U.S. official, who is in charge of relations with Latin America and who attended the summit, said that "none of these governments need such large armies."

Salvadoran President Alfredo Cristiani also ruled out a reduction in the size of his country's Armed Forces as long as a peace agreement is not signed with the guerrillas.

Honduras

Results of Economic Summit Praised

PA2106040690 Tegucigalpa EL HERALDO in Spanish 19 Jun p 9

[Editorial: "Presidents Agree on Isthmian Economic Action Plan"]

[Text] The Central American presidential summit has ended in Antigua, Guatemala. The historic event assumed the responsibility of reactivating the integration process of the Central American regional organizations and established the identity of the six countries that are part of the umbilical cord that links North and South America.

The fact that the six Central American presidents met demonstrates the first serious effort made so that Panama can become a vital part of the united economic group.

We also think that Panama should definitely be included, because , above all, in a matter of years—around the last day of 1999—Panama will receive the canal that is controlled today by the United States.

This important fact, which can only occur in the western hemipshere, will definitely bring about changes in Panama's life and will strengthen it economically and socially, resulting in singular transformations in the political field.

The fact that the United States will turn over a vital geographic zone to its rightful owner, such as Panama, speaks well of the most powerful nation in the world.

Hence, we regard Panama as part of Central America and are glad that the law and respect for small nations prevail. This is particularly so in the American continent where such liberties are further exemplified in an extraordinary manner by the U.S. Government.

Just as the new pages of history are being written with Panama and the United States as the protagonists, the other five nations of the western hemisphere, through their presidents, are speaking of redefining new platforms. It wasn't too long ago that such an event was a matter of pride for the peoples of the area. The five presidents agreed to implement an "Economic Action Plan for Central America," which contains the foundations for the groundwork to "conform and consolidate the regional economic community."

The presidents also agreed to create an ad hoc group "to verify and follow up on the agreements for national reconciliation and democratization," principles established in the Esquipulas II plan signed in August 1987.

The Central American presidents agreed to "restructure, strengthen, and reactivate the integration process and the Central American regional organizations by updating them and redefining their institutional and legal framework and by imbuing them with a new dynamic that will make them conform to the new strategies of external opening and productive modernization."

What has been set in motion is the consolidated initiative among officials of our governments and the enterprise sectors that play a frontline, protagonist role.

The presidents issed a declaration in which they agreed to adopt: "The Economic Action Plan for Central America, defining the strategy to be followed in the new integrationist process." All the presidents committed themselves to "promoting the sustained development of Central America, through a combined outward strategy and toward strengthening or establishing mechanisms for consultation and coordination to secure an economic place in international markets."

The Central American presidents' efforts to reactivate the Central American Common Market is laudable. We believe that the time has come to adopt other measures to review the old legal standards of the isthmian common market, stemming from the crisis that has multiplied in recent times.

The Central American countries should establish that member countries of the new integrationist treaty will produce medicines for Central American consumers and seriously study the international debt in terms of Central America. Possibly larger loans and more advantageous terms will be obtained, especially regarding interest rates and terms.

If Central America unites in solidarity, we will have attained the most precious goal of catapulting this region toward more competitive markets.

With a consolidated Central America, we will have the logical distribution of the products of the land in these countries to ensure foodstuffs for all Central Americans. Perhaps in this way the assembly plants for vehicles, refrigerators, and all kinds of products will have found a sure market for the uninterrupted supply of consumers in this geographical area encompassed by the Common Market.

Our market, considered individually, does not attract the interest of investors or of clients outside of the region. For this reason we must expand our vision to secure as soon as possible all the advantages stemming from this new, united economic effort of Central america.

What has been accomplished in Antigua, Guatemala, is praiseworthy, because it permits us to envision a better future for the Central American countries.

600 Refugees Leaving Country Weekly

PA2106000490 Panama City ACAN in Spanish 1630 GMT 20 Jun 90

[Text] Tegucigalpa, 20 Jun (ACAN-EFE)—Approximately 600 Nicaraguans, including refugees and

illegals, are returning to Nicaragua from Honduras every week, an official source reported today.

Colonel Abraham Garcia Turcios, president of the National Commission for Refugees [Conare], said: "The repatriation operation is proceeding smoothly. We expect a greater number of refugees to leave soon."

The official told ACAN-EFE that in this stage only Nicaraguan refugees and illegal aliens, not demobilized combatants, are being repatriated.

The ex-contras and their relatives, approximately 17,000 all together, are also willing to return soon, probably beginning next week, Garcia said.

The current repatriation, which involves 10,700 Nicaraguans, is being coordinated by Conare, the UN High Commissioner for Refugees [UNHCR], and the Nicaraguan Government.

"Some 300 more Nicaraguans will leave Honduras through the Las Manos border checkpoint tomorrow. This indicates the desire of many refugees to start a new civilian life in their homeland," said the Conare president.

According to UNCHR figures, there are approximately 30,000 Nicaraguans, including ex-combatants, demobilized contras, their relatives, and refugees still in Honduras.

In addition to the Nicaraguans, 2,400 Salvadoran and 450 Guatemalan refugees, whose repatriation is still uncertain 10 years after they left their countries, live in Honduras.

Government Approves New Nicaraguan Ambassador

PA2106123190 Tegucigalpa LA TRIBUNA in Spanish 16 Jun 90 p 41

[Text] Nicaraguan Charge d'Affaires Nadine Ocon has reported that the Honduran Government has approved the appointment of the new Nicaraguan ambasssador Noel Rivas Gasteasoro, who could take office next week.

Rivas Gasteasoro is a 68-year-old lawyer and an adviser for shipping companies. He was the deputy finance minister during the first eight months of the Sandinist Revolution. President Violeta Chamorro was a member of the government junta at that time.

Nicaragua

Yatama Indians Conclude Demobilization Process

PA2106041690 Panama City ACAN in Spanish 0156 GMT 21 Jun 90

[Text] Bilwaskarma (Nicaragua), 20 Jun (ACAN-EFE)—The disarmament and demobilization process of the Yatama [Miskito, Sumu, and Rama Indians, and Creole Groups Organization] Indian forces, which rebelled against the Sandinist regime eight years ago, concluded today. The process was completed in the northern Atlantic region of Nicaragua on the Honduran border, when the six military commanders and 300 fighters of Yatama turned in their weapons.

This is the first of the three anti-Sandinist war fronts to conclude the disarmament process. The other two fronts are: approximately 2,000 "Southern Front" fighters, who operate in southern Nicaragua; and 1,500 fighters of the Nicaraguan Resistance (contras), which is the most important armed movement and which will probably conclude its demobilization next week.

Commander "Blas" (Osorno Coleman), military leader of Yatama ("Heirs of the Mother Earth" in Miskito language), was the first of the 300 men to turn in his old rifle to Spanish General Agustin Quesada, commander of the UN Observer Group in Central America (ONUCA) peacekeeping forces.

Commander "Blas" said: "We turn in our rifles as a symbol of peace and reconciliation," adding that "we are willing to turn the weapons into plows in order to rebuild Nicaragua."

The five members of the Yatama general staff also turned in their weapons, along with Commander "Blas," at the town of Bilwaskarma, on the Honduran border.

The Indians agreed to turn in their weapons in exchange for land (development areas), participation in Violeta Chamorro's government, and the creation of a rural police force that will be comprised exclusively of Miskitos.

A total of 1,700 Yatama fighters had turned in their weapons to the ONUCA forces by 19 June as part of a process that began on 26 March, following the signing of an agreement between the government and the Yatama leaders.

Shortly before turning in his weapons, Commander "Blas," who negotiated and signed a cease-fire and disarmament agreement with the Chamorro Administration, told his troops that even though they were turning in their weapons "this does not mean that we are surrendering. Instead, we are complying with the peace agreements."

Gustavo Tablada, director of the Agrarian Reform Institute [IRA], and Gen. Quesada attended the ceremony in which the weapons were turned in by the rebels and destroyed by the UN "blue helmets."

Quesada received the rebels' weapons and said: "Today is a historical day of peace, and we have to understand that the harsh years of war have been left behind, and that a new future has begun."

The Spanish general praised the Indians' decision to end the war and invited the former fighters to work and build a great homeland.

IRA Director Gustavo Tablada said that the Chamorro administration will fulfill the pledges it assumed in the agreement signed with Yatama.

Reportage on D. Ortega's Cuban Visit, FSLN

Discusses FSLN Future, Castro

PA2106035890 Havana International Service in Spanish 0022 GMT 21 Jun 90

[Italicized passages are recorded]

[Text] Shortly before leaving for Nicaragua, following a brief visit to Cuba, former Nicaraguan president Daniel Ortega hosted a news conference at the Havana International Airport.

[Ortega] *Our situation is very unique because the revolution is now in the opposition. The revolution exists in Nicaragua; it has not been defeated. The fact that the Sandinist National Liberation Front [FSLN] did not win the elections does not mean that the revolution was defeated. Revolutionary forces secured for themselves a place in Nicaragua's life. We are now waging a battle to defend the revolutionary achievements. The U.S. plan aims to dismantle the revolutionary process by using the most extreme right-wing forces and extremist contra forces—while the rest of the contras have accepted disarmament.*

These forces have delayed the contra demilitarization. There have been attempts to undo the demilitarization agreement. However, we can now say that over 15,000 contras have disarmed and have handed over 13,000 weapons.

The former president noted that 600 counterrevolutionaries have yet to lay down their weapons. They will probably not settle in the development zones proposed by the new Managua agreement; the majority has chosen to return to their places of origin. Ortega also commented on the changes that will take place within the FSLN, which is now in the opposition.

[Ortega] *The FSLN has been the most democratic force in power after the triumph of the revolution. However, with the triumph of the revolution, we naturally developed another kind of organization, which could not be the same as our clandestine organization. We are now trying to continue strengthening and expanding democracy in the FSLN. How can this be understood? It can be understood in terms of greater ties between the FSLN rank and file members and the people, so that the people can participate more actively in the decisions made by the FSLN as a party.*

It has been proven that adjustment programs in Latin America lead to mass protests and call on the workers to make sacrifices. Some protests are organized, and others are spontaneous, but there are explosive situations in Latin America. As far as Nicaragua is concerned, we have a government that is implementing a neoliberal adjustment program—something that is not new in Latin America. This is more harmful to the Nicaraguan people than the FSLN's economic policies.

Sectors that voted for this government are disenchanted because they realize the government's policy conspires against the people's basic interests. So when we say that the FSLN is in opposition, we attach the adjective constructive to it because the enemy is trying to portray the FSLN as the strongest opposition force—which it is—that seeks to topple the government. We have said that we are not toppling the government. However, the government's actions are to blame for the destabilization, chaos, and mass protests. The FSLN will always be at the forefront of the workers' protests and at the forefront of all organized protests by rural and city workers, students, and all social and economic forces of Nicaraguan society.

Daniel Ortega recalled that even before the elections, the Sandinist government had decided to reduce the size of the Army. The reduction did not entail a reduction in the country's defensive capabilities, which were ensured by the participation of the majority of the people.

[Ortega] *The step recently taken to reduce the Army from a permanent force of 96,500 to 41,000 soldiers was included in the plans we made before the elections. Based on the current situation—now that most of the contras have disarmed—Nicaragua has the political and moral strength to demand, within the framework of the Central American negotiations, that the Salvadoran, Guatemalan, and Honduran armies reduce their forces.*

After pointing out that the current Nicaraguan Government is interested in continuing cooperation with Cuba, Ortega said that was one of the topics he discussed with Cuban President Fidel Castro.

[Ortega] *Fidel voiced his willingness to contribute as much as possible, particularly in the field of health. Cuba is ready to send all the doctors that Nicaragua needs. I will convey this to the Nicaraguan Government, as it is now up to the Nicaraguan Government to try to maintain cooperation with Cuba in many areas, especially in the health sector. Most importantly, we discussed strengthening the ties between the Communist Party of Cuba and the FSLN. The ties have been strengthened at a time when the imperialism has launched an attack against Cuba and revolutionary projects in Latin America.*

Some think that the FSLN defeat at the polls indicates that the time has come to destroy the Nicaraguan revolution. As we told Fidel, the Nicaraguan revolution is alive and strong. it is the largest party in Nicaragua. After the electoral defeat, we still remain the largest party in Nicaragua. We are a true force of power, and we are a force that cannot be ignored under the current circumstances.

Ortega said that after the electoral defeat, the size of the FSLN has grown. It has shown its political and ideological strength and its strength as a popular and revolutionary force.

On Cuban Aid, CIA Plans for FSLN

PA2106044090 Hamburg DPA in Spanish 0314 GMT 21 Jun 90

[Text] Managua, 20 Jun (DPA)—Nicaraguan opposition leader Daniel Ortega returned today from Cuba after meeting with Cuban President Fidel Castro, whom Ortega asked to maintain Cuba's aid to Nicaragua. Upon his retrun, Ortega said that there are no contradictions between the Sandinist National Liberation Front (FSLN) and the Communist Party of Cuba, and that they will soon sign political agreements.

The Nicaraguan politician said he has learned that the CIA has plans to "dismember" the FSLN, which lost the past elections in Nicaragua to the National Opposition Union. The FSLN is involved in a reorganization process that will culminate in February 1991 with a congress, following elections of mid-level party leaders.

Former president Ortega said that he asked Castro to renew the medical aid to Nicaragua that has been reduced in the past months and to reactivate housing construction projects in the city of Bluefields, which was destroyed by Hurricane Joan in 1998. Cuban doctors and builders went home after the elections as a security measure. The government of Violeta Chamorro is also seeking the resumption of social cooperation with Cuba through Health Minister Ernesto Salmeron.

Tomorrow Ortega is planning to leave for Mexico to receive the Benito Juarez Award granted by the San Angel Cultural Center. Last year's recipient of the award was South African leader Nelson Mandela. The award, a sculpture bearing the inscription "My banner is peace," was granted to Ortega for his contributions to the peace process in Central America, especially in Nicaragua.

Conservatives Hail Results of FSLN Meeting

PA2106040790 Managua Radio Sandino in Spanish 1930 GMT 18 Jun 90

[Text] According to Augusto Cesar Castillo, leader of the Democratic Conservative Party of Nicaragua, the results of the meeting held by the Sandinist National Liberation Front [FSLN] over the weekend are very positive for democracy and freedom within the FSLN itself. Castillo gave the following statements to our newscast:

[Begin Castillo recording] We, the Nicaraguans who are active in politics through parties opposed to the FSLN, have to look at the FSLN in a different light now than when it was the ruling party and in the government. We opposed it because of the absence of freedom and democracy and the lack of everything for which people have been struggling in Latin America. We must admit that the FSLN is now the most important opposition party. While in that position, it should wage a constructive opposition and help the government do a good job and, like the FSLN did, hold free and democratic elections with equal opportunities for all during the next electoral period.

However, regarding the decisions adopted by the FSLN during its meeting, which you very correctly described as a marathon meeting, I do not have much information on which to base an opinion about the resolutions it approved. However, the mere fact that the meeting was held is more than enough evidence that the FSLN is trying to establish freedom and democracy within the party itself. This makes us conservatives very happy and serves as a stimulus for us to take steps in our parties to allow the top leadership to be criticized and replaced.

This is very important and this is what I found most noteworthy in reports in the various newspapers like EL NUEVO DIARIO about the goals that would be pursued by many people who were going to participate in the meeting. I think that the FSLN is taking freedom very seriously and is trying to apply it to the party itself so as to derive benefits from it during the next election campaign. [end recording]

Sergio Ramirez on FSLN Assembly, Summit

PA2106044190 Managua Radio Sandino in Spanish 1930 GMT 19 Jun 90

[Interview with former Vice President Sergio Ramirez by an unidentified reporter; place and date not given—recorded]

[Text] [Ramirez] I obviously identify with those who want the Sandinist National Liberation Front [FSLN] to [words indistinct] socialist [words indistinct] international [word indistinct] to face the political struggle that we will experience both in Nicaragua and abroad.

[Reporter] Does that mean that many FSLN leaders [words indistinct]?

[Ramirez] Why? In fact, a varied group as far as [word indistinct] is concerned has always existed within the FSLN. We have had Marxists and also Christians who have not associated with Marxism. In addition, the Marxist-Leninist doctrine is being abruptly revised in the world. We cannot stick to old models that belong to the past. We have to open up to what is going on out there in the world as far as political ideologies are concerned.

We have to build new and active forces. We have to build forces that carry on the transformation of the Nicaraguan society and that are preparing themselves to recover the Nicaraguan presidency in the next elections.

[Reporter] What would be the situation of [words indistinct] and of the FSLN?

[Ramirez] Our [word indistinct] have very firm basis. It includes social transformations, fair participation and

distribution of wealth; and the defense of our sovereignty, national integrity, identity, and democracy. Those are the basic elements. These principles are leading us and should lead us toward the future.

[Reporter] Dr. Ramirez, some former Sandinist militants have said that no one can believe in an FSLN democratization as long as no changes are made within the FSLN National Directorate.

[Ramirez] That is a mistake. It will be up to the FSLN congress to decide whether the current FSLN National Directorate, which is a historic FSLN National Directorate, will remain unchanged or will be completely or partially changed. All these things are part of the democratic process the FSLN is experiencing. I would not eliminate any current National Directorate member, because the issue here is not one of no changes in the current National Directorate, which would represent no real changes in the FSLN. No, that is not the issue here. That attitude would hinder the democratic process of free elections. The elections within the FSLN must be secret. The FSLN Congress delegates are not only going to elect the members of the National Directorate but also the Sandinist Assembly members, [words indistinct] and the members of middle organizations, rank and file leaders, and the members of the Sandinist departmental and municipal organizations.

[Reporter] Is it true that the FSLN Congress plans to increase the number of National Directorate members?

[Ramirez] We have not discussed that yet. The decision to have 10, 11, or 12 National Directorate members would also be a result of the process of transformation we are beginning to experience, if such a decision is in fact made.

[Reporter] Finally Dr. Ramirez, what is your opinion about the results of the Central American economic summit?

[Ramirez] In my opinion, the results of the summit were very limited. The summit opens the possibility of economic cooperation with the United States. That is the most visible result of the summit. And yet the one issue that should have been discussed was not discussed in depth. I am referring to the reduction of the Central American armies. In the Esquipulas process, the Central American countries agreed to begin a disarmament process in the region. They agreed to reduce the size of the Central American armies. That reduction has not taken place yet. If these summits continue discussing hypothetical concepts, they are going to lose the world's attention and, therefore, importance.

What we need is a real, effective, and immediate reduction of the Central American armies in order to fulfill the dream of the Central American people, which is the attainment of a truly peaceful Central America.

[Reporter] As for the Nicaraguan economy, it is said that if the FSLN had won the past elections, you would have privatized some enterprises. If we look at the experiences of the East European countries, we see that these countries, including the Soviet Union, have implemented privatization processes. What would you have done if you had won the past elections?

[Ramirez] We would have added a new and real dimension to the mixed economy, which is one of the principles on which our economic policy is based and has been based during the last few years. We were never able to implement a true mixed economy process because we never governed a country at peace. We were always subjected to pressures and the effects of a permanent war of aggression.

Our government program included the revitalization of the private and the public sectors, the mixed economy sector, and the cooperatives. Therefore, if we [word indistinct] and if we approved a foreign investment law it is because we were also willing to strengthen the guarantees offered to private businessmen in Nicaragua. If that revitalization entailed the ordered privatization of mixed enterprises and some production means—mainly because this privatization would have increased production and the country's export volume—we would have obviously done that. However, we oppose an indiscriminate privatization process, which aims to deprive workers from the means of production and to return those means to their former owners who now live in Miami and would take the benefits of those means abroad. Such a privatization process would be carried out without taking into account that many of those Somozist oligarchs, who owned Nicaragua for a long time, had mortgages at the Nicaraguan banks when they left Nicaragua. Those properties were worth nothing when they left them here. We are against that kind of privatization because I do not think that those people are going to come here to make their properties work for Nicaragua. They are going to come here to finish destroying what they were unable to destroy in 1979. Thus, such a privatization process would worsen the Nicaraguan conflict.

Summit Termed 'Meeting Among Friends'

PA2106021890 Managua EL NUEVO DIARIO in Spanish 19 Jun 90 p2

[Unattributed commentary]

[Text] One of the most important results of the electoral victory of the pro-U.S. forces in Nicaragua can be seen in the correlation of political forces in Central American Governments.

The Esquipulas process, with all the profound limitations imposed on it by the U.S. Government's aggressive policy, has now been highlighted by its contrast with the Central American summit meeting recently held in Guatemala.

All the expectations that surrounded these meetings and their always spectacular (for better or for worse) results,

are now a thing of the past. Now we seem to have gone back to the times of the meetings that Somoza used to organize, in which the presidents discussed trivial topics "among themselves."

A U.S. politician said before the February elections in Nicaragua that the White House wanted to turn Central America, this small nook of the world, into what it had been before the Sandinists came: a "peaceful" place, very "friendly" with the United States, where retired U.S. citizens could travel without any problems.

Things are not completely that way yet, but at least relations among governments are back to normal. The Antigua summit was merely a meeting among friends, without any disagreements. They all agreed to continue to support the U.S. counterrevolutinary strategy in the area.

And of course, there was the presence of U.S. Secretary of State James Baker, who went to put the finishing touches on the "change." Baker went to dictate orders to the presidents, who were accompanied by the "governor" of Panama, Guillermo Endara, who was imposed by the U.S. military occupation.

Mutual flattery, accolades, and everything remains unchanged. The old Esquipulas is a thing of the past.

Expectations of First Congress Outlined

PA2106041590 Managua EL NUEVO DIARIO in Spanish 19 Jun 90 p 2

[Text] The Sandinist National Liberation Front [FSLN] has announced it will hold a congress in February 1990 [as published] to make the strategic and tactical decisions that will allow a renovated and purged party to hope for and attain power in the 1996 elections.

In fact, the ranks of the revolutionary organization have to be renovated and purged, the work styles have to be improved, and the political methods must be brought up to date with the dialects of our time, with its unprecedented national and international dynamics.

But the key to all the decisions to be made by any party assembly will be, above all, the relationship of the members with the people, mainly with the city workers and the rural workers, in a bond that will have to be permanent and indivisible.

This is one relationship that will be vital for the organization, which might run the risk of languishing if it is not imbedded into the hearts of the majority, if it does not interpret the most cherished wishes, if it does not fufill its basic demands, and if it does not support on a day-to-day basis the demands for our daily bread.

However, the key will be to eradicate the psychology of the members of the party, of the lower ranks, of the arrogance of the alleged merits, of the so-called Messiah feeling, and naturally the privileged, the covering up, the bouregois mentality, and other rubbish.

But the party must also eliminate—and an ethical commission has already been formed for this—those who have marred the prestige of the party with their actions, their appetites, their arrogance, and those whose success went to their heads; the corrupted ones, who perhaps did not surrender in combat, but who lost the moral battle.

All of this and much more is what the Nicaraguans expect from the first congress of the greatest political party in our history.

FSLN Official Comments on Donors Conference

PA2006235390 Managua Sistema Nacional de Television Network in Spanish 0330 GMT 14 Jun 90

[Text] Sergio Ramirez arrived from Rome today, where he represented the Sandinist National Liberation Front [FSLN] at the Donors Conference.

Ramirez said that more aid was expected, as most of it had already been obtained last year.

[Begin recording] The aid had already been agreed to and promised to the Nicaraguan Government. For example, Spain's package for a $40 million credit and the Italian package for approximately $30 million in concessional credits do not constitute new aid. Although it is true that our country will receive that aid, I am referring to new credits.

However, if the government believes that the results were excellent, I am not going to mar their enthusiasm. We hope that the Nicaraguan people will benefit from that aid so that the economic situation can improve immediately and the abrupt devaluations will stop; so that there will be no mass dismissals at the working centers; so that salaries can improve; and so our currency can have more purchasing power. If we see this happen tomorrow, as promised by this government, I will be more than happy to see the Nicaraguan people receiving the benefits. [end recording]

Ramirez expressed concern over a statement made by the Central Bank president during the conference in Rome.

[Begin recording] During a speech I delivered at the conference, I said that the FSLN has always been and is willing to support a national reconstruction program that will take all groups into considereation. I was very concerned about a statement made by Central Bank president Mayorga regarding a total privatization of our economy. That endangers the Nicaraguan people's achievements in agrarian reform, state property, and the cooperatives. Of course, we will not agree with those kinds of economic policies or with an economic policy that does not widely support the majority of the population who are now suffering from the impact of the government's monetary adjustment plans. [end recording]

Army Chief on Contras Disarmament, Peace Process

PA2006234290 Panama City ACAN in Spanish 1931 GMT 19 Jun 90

[Text] Managua, 19 Jun (ACAN-EFE)—General Humberto Ortega Saavedra, chief of the Sandinist People's Army (EPS), said today that the disarmament of the "contras" and the attainment of peace in Nicaragua would not have been possible without the effort of the EPS soldiers and officers.

After placing Army medals on several of the 26 officers of the United Nations Observer Group in Central America (ONUCA) who supervised the demobilization of the rebels, Gen. Ortega said that "the disarmament of the counterrevolutionary forces has pratically been attained since only minor contra groups have not joined the peace process."

President Violeta Chamorro and foreign dignitaries attended the awards ceremony. The foreign dignitaries included Soviet Ambassador Valeriy Dmitriyevich Nikolayenko, Spanish Ambassador Miguel Angel Fernandez-Mazarambroz, and U.S. Charge d'Affaires John Leonard.

Spanish General Agustin Quesada, head of ONUCA's peace force, and Santiago Murray, coordinator of the International Commission of Support and Verification (CIAV), attended the ceremony. The CIAV was responsible for supplying food and clothing to the demobilized rebels. Government officials and National Assembly members also attended the ceremony.

Gen. Ortega said: "The effort to consolidate democracy and peace would not have been possible without the contribution of the people, the soldiers, and the EPS officers who faced the unjust aggression of Ronald Reagan's government."

The Sandinist general praised the position adopted by the soldiers and officers of the Army who "had confidence, discipline, and respect for the Army's High Command throughout the peace process to disarm the counterrevolutionary forces."

Gen. Ortega, brother of former president Daniel Ortega, said that the Army knew how to "control its emotions and the feelings of each soldier; it acted coolly, not thoughtlessly."

In addition to praising the participation of ONUCA and the CIAV in the disarmament process, Gen. Ortega praised the participation of former president Ortega and President Chamorro who, "little by little," created "confidence among the contras to make them turn to peace and leave the war behind. It was a war they would have lost because of military strength factors."

However, Gen. Ortega said that the struggle to consolidate democracy must continue. In order to attain this, he added, it is "vital" to promote the "spirit of reconciliation" until we "get over the mistrust and fear that existed in the countryside, where the war took place."

Gen. Ortega urged all Nicaraguans to put aside feelings of revenge that "will only lead us into a vicious circle, far from reconciliation and peace."

Gen. Quesada said that the ONUCA forces have destroyed 15,000 arms that "will no longer be used to kill people."

Gen. Quesada said that from now on the arms "will be placed in the hands of those who are authorized to bear arms and carry out the mission to defend the fatherland and protect the citizens. They will not be given to those who have no right to bear arms."

Gen. Quesada congratulated the peace forces of Brazil, Ecuador, Colombia, Ireland, India, Sweden, the FRG, and Spain. They have all contributed to this "complex peace process that has come this far today."

Contras Steal Cattle, Kidnap Peasants

PA2006235190 Managua BARRICADA in Spanish 17 Jun 90 pp 1, 5

[Text] Ray Hooker, Sandinist deputy for the Southern Atlantic Autonomous Region, has reported that on 13 June, 30 members of the so-called "resistance" attacked and looted the coastal town of Cukra River and kidnapped four people.

The counterrevolutionaries were led by the mercenary Commanders "Bufalo," "Gorrion," and "Capulina," who ordered them to kidnap peasants Miguel Ruiz, an outstanding FSLN [Sandinist National Liberation Front] militant, Felipe Montoya, Pedro Crespo, and a friend who was only identified as Norberto, all of whom are members of the Cukra River Producers Cooperative.

During their foray, the counterrevolutionaries looted the peasants store and threw the generator that provided the town's electricity and 70 rolls of barbed wire belonging to the cooperative into the Cukra River. They also stole 40 head of purebred cattle that had been recently purchased with funds from the Swedish religious organization Drakonia for a livestock project aimed at providing milk for the children and meat for the population. In addition, they killed purebred studs belonging to the cooperative.

Comrade Hooker complained that the contras' action has left the peasants in Cukra River in a very precarious situation, i.e., without electric power and with a ransacked cooperative. There is fear and anxiety in the comunity because the peasants fear further forays by the contras.

Hooker asked the human rights organizations to intercede with the contra kingpins to release the kidnapped peasants.

Workers Organize To Fend Off Contra Attacks

PA2106005390 Managua Radio Sandino in Spanish 1211 GMT 19 Jun 90

[Text] Workers of La Flor and La Cruz state production unit in Morritos, Rio San Juan Department, reported yesterday the contras' constant raids in the area to steal cattle from haciendas. Headed by a man nicknamed "Pajaro," the contras, in four raids, have stolen more than 900 head of cattle in the past few days and taken them to Security Zone 5 at El Almendro.

The workers have not dared report the contras' actions because of serious death threats. The contras are sure the Army will not respond because of its compliance with the established cease-fire. In addition, the contras have been announcing that the stolen cattle are part of a herd being assembled at El Almendro and that they will continue to loot the state production units before the government returns them to the landowners.

The sectors' workers will organize themselves into a militia to protect property because the contras are threatening to raid for cattle again, according to reports.

Panama

Authorities Uncover Destablization Plan

PA2006151490 Panama City CRITICA LIBRE in Spanish 20 Jun 90, pp 1, 31

[Text] The authorities last night uncovered a destabilization plan to be carried out today by the Fenasep [National Federation of Associations of Public Employees], Conato [National Council of Organized Workers], Conac [National Confederation of Peasant Settlements], and other pro-Noriega groups, during an demonstration against the government.

Following direct orders issued by "cadres" of the former government parties, the leaders of those shells of a union [cascarones sindicales] were planning to capitalize on the situation of El Chorrillo victims and use them as instruments for their wicked purposes. The demonstrators are planning to go to the Palace of the Herons and protest the alleged "mass firing" of union members.

The demonstrators tried to use Intel [National Institute of Telecommunications] as a spearhead for their protests, but were discovered by Intel Deputy Manager Francisco Denis, who denied that mass firings had been carried out at that institution. Denis also charged that People's Party supporters have a plan to destabilize not just Intel, but the entire government.

Denis added that a group of employees have announced that they will stage a protest between 1130 and 1200 today, when all Intel vehicles and personnel should be out on the streets providing the services to their users.

As this plan was uncovered, President Guillermo Endara Galimany was returning from Antigua, Guatemala, where he attended a presidential summit. President Endara was still at the airport when he was warned of this plan, drafted by those who were removed from power. These persons have already been identified and located. Endara was greeted at the airport by a large crowd.

The Noriega supporters' destabilizing plan included a series of terrorist actions, such as anonymous bomb threats against schools and government offices. There are still some cells that are committing crimes with weapons the military gave to the battalions of evil [Dignity Battalions].

Today's demonstration was called by organizations created during the days of the dictatorship in an attempt to retain their hegemony—as ordered from his jail cell in Miami by the tyrant who is being held on drug trafficking charges—even if they do not have the support of the rank and file.

Fenasep Calls for 20 June Protest Meeting

PA2006152090 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Jun 90 p 28

[Text] Fenasep [National Federation of Public Employee Associations] has called for solutions to problems faced by refugees of El Chorrillo and other neighborhoods, because they believe that the U.S. Army invasion brought about diseases among the refugees as a result of overcrowding, and many others are suffering from emotional and psychiatric problems that stem from traumas caused by the U.S. invasion.

It states that despite all the damage done to our workers, most of them harbor the hope of living better in the wake of this holocaust and of being indemnified.

In a protest note, Fenasep says that six months have passed and the people are beginning to see their expectations fade and are regaining confidence in organized and united struggle as a truly effective weapon to ensure that our dignity and rights are respected.

Finally, it asks El Chorrillo residents to attend a meeting today at 1600 at Porras Plaza.

U.S. Personnel Allowed To Board Ships

PA2006164890 Panama City ACAN in Spanish 2216 GMT 19 Jun 90

[Text] Panama City, 19 Jun (ACAN-EFE)—Official sources today reported that United States may board ships carrying the Panamanian flag in international waters if there are "sufficient grounds to suspect" that the ships are illegally carrying drugs—and indicated that the country's General Consular and Ships Directorate [Secnaves] had previously authorized it.

Guillermo Marquez, director general of Secnaves, a branch of the Finance and Treasury Ministry, said that the Panamanian and U.S. Governments exchanged

notes in which the current Panamanian Administration pledged to cooperate in the antidrug struggle.

"It was agreed that the United States will request Secnaves authorization to stop ships when there are sufficient grounds to suspect that it is carrying drugs—provided that it is flying the Panamanian flag and in international waters," Marquez stated.

According to the official, the agreement between the United States and Panama has legalized a de facto situation "without legal basis," because the dismantled Defense Forces' Intelligence Service (G-2) had previously authorized the U.S. Coast Guard to board ships flying the Panamanian flag.

The government authorized the U.S. Coast Guard to board two Panamanian-registered ships between January and June 1990. One of the ships, belonging to a Cuban company, was hit by machine-gun fire in January after its captain refused to stop, the source told the media today.

Panama, which currently ranks first in the world in the registry of ships—with approximately 11,800 ships—will review its merchant navy records to cancel the registry of old and low-tonnage ships, as well as those that have delinquent Panamanian Government accounts.

According to Marquez, there are currently 5,000 ships with delinquent accounts, but many of them have disappeared, been turned into scrap, or changed registry. That is why the list of ships that belongs to the country's merchant navy is being brought up to date.

The Secnaves director general said approximately 20 ships are eliminated each day because of their condition or because they no longer exist, and "progress is being made" to consolidate the country's premier position in the registry of ships to make it "the first option" for world shipbuilders.

Likewise, Secnaves is in the process of carrying out approximately 250 inspections of ships flying the Panamanian flag to avoid the registry of ships that are in a bad condition.

Families File Lawsuit Against U.S. Government

PA2106041990 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Jun 90 pp A-1,A-2

[Report by James Aparicio]

[Text] Luis Banque, president of the People's Human Rights Commission (Copodehupa), has reported that 70 families from Colon and Panama City who were affected by the 20 December 1989 military intervention have filed lawsuits totalling $250 million against the U.S. Government.

Lawyers Jose Luis Morin, Michael Ratner, and Beth Stephen of the Center for Constitutional Rights of New York, United States, filed the lawsuit on 10 May before the Inter-American Human Rights Commission (Cidh) in Washington.

Upon commenting on the legal proceedings that will take two years to be resolved, Banque said: "The lawsuit against the United States totals $250 million because they were innocent victims who never represented a potential danger to the U.S. troops."

The United States has repeatedly refused to compensate thousands of victims and people who lost their relatives, be they military or civilian, in the military action that toppled General Manuel Antonio Noriega and dismantled the Panamanian Army.

Banque reiterated that "the U.S. Government must compensate these people." He regretted the fact that President Guillermo Endara accepted a $420 million "compensation," instead of demanding compensation for the damage caused by the economic sanctions imposed in 1987 as well as the destruction caused by the intervention.

Private groups believe that Panama has sustained losses estimated at over $4 billion because of the damage done to the economy, banking sector, employment opportunities, and the people in general.

Endara was elected president in the annulled 7 May 1989 elections and he took office the same day that the 26,000 U.S. soldiers militarily intervened in the country. He was sworn in by Osvaldo Velasquez, then president of the (today progovernment) Panamanian Human Rights Committee, and his secretary Jose Manuel Faundes on the U.S. military base of Fort Clayton.

The lawsuit states that the plaintiffs, who are all civilians "experienced the death of their relatives and sustained injuries," while "their loved ones were wounded and their homes and property were destroyed as a result of the invasion."

A $52-million government program sponsored by the Agency for International Development (AID) has been used to give each family a bank book with $6,500 to be used for housing expenses and $700 for household "goods."

The plaintiffs have demanded that the United States be charged with violating international law and human rights, in addition to "being held liable for the loss of lives, moral suffering, and the destruction of homes and other personal belongings."

Similarly, they demanded that the Cidh demand that the United States compensate Panamanians for the damage caused by the military intervention. Moreover, they demanded the formation of a commission to "conduct a complete and independent investigation to determine the amount of damages and losses sustained by the Panamanian people in order to obtain a just compensation for the victims."

The war refugees of El Chorrillo neighborhood, human rights groups, and people's organizations will march today to mark the six-month anniversary of the U.S. military intervention. The march will conclude with a meeting in the Santa Ana Plaza.

Minister Comments on Revoked Arrest Warrants

PA2106000990 Panama City LA ESTRELLA DE PANAMA in Spanish 15 Jun 90 p 2A

[Report by Hermes Sucre S.]

[Text] Ricardo Arias Calderon, government and justice minister and first vice-president of the Republic, said on 14 June that he respects Attorney General Rogelio Cruz' decision to revoke the arrest warrants issued in January against the former members of the General State Council.

Arias Calderon said that the measure taken by the Attorney General's Office is part of the Judicial Branch's duties. Arias Calderon made these statements during the ceremony in which Ruben Ricardo Alvarez was sworn in as new Immigration Department director. Alvarez was the National Passport Department director at the time of his appointment.

The attorney general's decision benefits 61 former officials of General Manuel A. Noriega's ousted regime who decided to annul the elections in May 1989. These officials include former presidents Manuel Solis Palma and Francisco Rodriguez.

The government and justice minister also told reporters that the Attorney General's Office and the Judicial Technical Police (PTJ) are continuing their corrective measures to eliminate deficiencies in the police force.

Regarding the problem of security, Arias Calderon said that great efforts are being made to maintain surveillance on the streets despite budget limitations. He said that the 251 vehicles donated by the U.S. Government will make patrolling duties easier.

Arias Calderon criticized the attitude of some people who have recently blocked streets to exert pressure on the government so that it will solve their problems. "Everyone has the right to participate in a demonstration, but they must do so without hurting others or interrupting daily activities," Arias Calderon said.

The minister told reporters that the changes in the immigration directorate are being made because of the need to maintain administrative integrity, particularly within a branch that sponsored corruption under the former government.

Editorial on Need for Security Against Pirates

PA2106011490 Panama City CRITICA LIBRE in Spanish 16 Jun 90 p 4

[Editorial: "Sea Sovereignty and the Pirates' Threat"]

[Text] The constant violations of our maritime sovereignty by pirate vessels coming from Colombia and the attacks on fishing boats in Garachine are a matter of concern for enterprises and industries engaged in exploiting sea resources. According to reports, there is no security.

Panamanian sailors have begun to demand protection by the national government because attacks are occurring more frequently. The national government has stated its position to the media. The Foreign Ministry recently rejected an agreement on U.S. vessels patrolling our waters because, according to the U.S. Government's proposal, Panama would have to pay if a merchant vessel sank in an operation against drug trafficking. Undoubtedly, the foreign minister was right when he said that "we cannot accept the principle that while one fires, the other one pays." The foreign minister has said that this is the main point of discrepancy in the talks being held with Deane Hinton, the U.S. Ambassador to Panama.

It is no secret that the national coast guard service was reduced following the 20 December incidents. This has increased the greed of Colombian pirates and drug traffickers, who can now move freely in our territorial waters. The United States presented a draft agreement that would permit U.S. boats to patrol Panamanian waters (200 miles) and carry out operations to intercept or possibly sink boats used for drug trafficking.

Apparently the talks on the subject have reached a dead end. However, while diplomats are trying to reach an agreement, Panamanian sailors continue to be attacked by pirates. These pirates have sophisticated equipment, and they mercilessly machine-gun boats to seize their cargo.

U.S. politicians fail or do not want to understand that time conspires against the stability of democracies. They have practically tried to force us to give up by offering us the aid that has still not arrived; it is being filtered through all the chambers. If that aid—which has cost us so much—actually arrives some day, we should remember the fighting we had to go through to obtain it, and we should use it rationally. There should be no paternalism or secret projects. As the El Chorrillo victims are waiting, Panamanian sailors—whose subsistence now depends on their security in the seas—are also waiting. We realize that the foreign minister has his back

against the wall because he does not want to revive the stigma "Panama Yields." However, sailors need a quick response because they do not understand anything about long waits or diplomatic negotiations.

So you see where the dictatorship has led us. We must continue. We must be optimistic. We must look at the future with faith. God is with us. He ought to be after a nightmare that lasted 21 years.

Prosecutor Orders Arrest of Electoral Magistrates

PA2106000390 Panama City LA ESTRELLA DE PANAMA in Spanish 20 Jun 90 p A-1

[Text] The Republic's Assistant Prosecutor Luis Felipe Munoz ordered the arrest and suspension of Electoral Tribunal Magistrates Luis Carlos Chen, Aurelio Correa, and Yolanda Pulice de Rodriguez yesteday for denying [former legislator and reporter] Mayin Correa, who is the accuser in this case, the opportunity to be nominated for legislator by the Nationalist Liberal Republican Movement in the past elections. [Former Journalists Association President] Alberto Conte has also accused these magistrates of the same crime.

Further on M-20 Threat to Parliamentarian

PA2106021390 Panama City CRITICA LIBRE in Spanish 20 Jun 90 pp 31, 48

[Report by Justino Gonzalez, Jr.]

[Text] The M-20 [20 December Movement] subversive group threatened yesterday to kill parliamentarian Raul Ossa, who recently denounced the issuance of identity cards to foreigners.

A .38-caliber bullet and a threatening letter signed by this alleged organization, which has claimed responsibility for the attack against the My Place Bar in which a U.S. soldier was killed, were found yesterday at Legislator Ossa's offices in La Chorrera District.

The message warned the deputy that the group has a bullet waiting for him and that those who were killed on 20 December 1989 are demanding justice. The message added that this is not the first time that government officials have been threatened.

Ossa urged the government to "take seriously" the threats of this alleged M-20 subversive group and pointed out that "there has been a resurgence of destabilizing activities that are being channeled through organized and labor groups. [quotations as published]

The parliamentarian blamed groups that had "displaced from power" and who "had received great benefits from the exercise of power" from the toppled regime.

Ossa, who is also vice president of the Christian Democratic Party, said that threats against him have increased since he spoke out against identity cards that had been issued to foreigners who did not comply with the proper immigration requirements at the Public Prosecutor's Office.

"I am a human being, but I will not budge," Ossa said when asked whether he fears for his life in the wake of these M-20 threats.

Argentina

Rear Admiral Robacio on Falklands, Democracy

PY2106023490 Buenos Aires TELAM in Spanish 0127 GMT 21 Jun 90

[Text] Rosario, 20 Jun (TELAM) — Rear Admiral Carlos Robacio, commander of the Marine Infantry, has stressed that we Argentines "are going to recover the Malvinas in a sensible manner," and at the same time he requested that the democratic system be defended [words indistinct].

Robacio, who participated in the armed conflict with Great Britain when he was commander of the Fifth Marine Infantry Battalion, maintained that "we are going to recover the Malvinas in a sensible manner, we are going to return in a civilized and peaceful manner, but we are going to return."

The Navy officer stressed that "all the negotiating channels are open, and what must be highlighted is the fact that the people did not fight in vain, did not die in vain. This was a necessary position to achieve the current status of the negotiations."

At the conclusion of a ceremony commemorating the anniversary of the death of Navy Lieutenant Jorge Omar Mayol in 1976, Robacio indicated: "What the Argentines experienced cannot be forgotten or be denied, it is part of our past and we cannot renege on it."

He recalled the actions of the draftees that participated in the 1982 armed conflict and he considered that "the youth who fought on the Malvinas Islands" are the youth that "we must rescue, help, and defend," and he called for the defense of "the democratic system that we all want and protect and which we must never abandon."

Gonzalez Gives Preview of Economy Package

PY2006173090 Buenos Aires BUENOS AIRES HERALD in English 20 Jun 90 p 1

[Text] (NA-DYN)—Economy Minister Antonio Erman Gonzalez yesterday gave the first official preview of the package of measures that he is to unveil next week, that will include sweeping changes in the government's policies towards the agricultural, industrial and private sectors.

Following a lengthy meeting with the economic cabinet and prior to his departure for a foreign debt conference in Venezuela, Gonzalez said that the measures only awaited the signature of President Carlos Menem.

He said that the package, which will "probably" be announced next week, would be led by a determined bid to increase fiscal revenue by 25 percent through the "imminent approval" by Congress of the application of Value Added Tax (IVA) to services.

Gonzalez said that the package would move to dismantle a number of trade barriers that would scrap the essential import list (DJNI) as well as eliminate "traps that hinder exports."

The package will also include the upgrading of Central Bank Vice President Javier Gonzalez Fraga to the full presidency, a role until now performed by Gonzalez himself, with Roque Fernandez taking over the vice-presidency.

And greater punitive powers, Gonzalez said, would be given to the Tax Bureau (DGI) to clamp down on fiscal evasion as well as new restraints imposed on state company expenditures.

He added that a vigorous drive to open up the private sector would be made by rapidly replacing the aging Competition Law with new antimonopolistic regulations.

The deregulation of the energy sector, he continued, would be pushed back "to July" when first crude oil prices and then all fuel prices would be freed. He reassured, however, that there would be no hike in fuel prices during June.

He also said that the measures maintained the government's policies of liberating prices although one clause did instruct Industry Under Secretary Jorge Pereyra de Olazabal to summon various sectors to "give explanations for and reconsider" recent price increases.

And Gonzalez confirmed that he would be meeting with Director-General of the International Monetary Fund (IMF) Michel Camdessus during the SELA, Latin American Economic System, conference to which he flew last night.

Report on Status of Strikes in Various Sectors

PY2006175490 Buenos Aires BUENOS AIRES HERALD in English 20 Jun 90 p 11

[Text] (NA-DYN)—High school teachers grouped under FETEN [Federation of National Education Workers] union went on strike across the country yesterday to demand pay hikes, while private bank clerks kept up partial stoppages and noisy demonstrations and FOETRA [Federation of Telephone Workers of the Argentine Republic] telephone workers ratified a strike for today.

At the same time, the Supreme Court last night gave the government 48 hours to come up with an "in-depth solution" to the court sector's salary crisis, following a meeting with Economy Minister Erman Gonzalez which failed to yield any results. The government granted judges increases of 20 percent and employees 22 percent last month as opposed to demands for 100 percent.

CONADU [National Confederation of University Teachers] university professors, in turn, will walk off the job tomorrow and Friday [22 June]. CONADU said May

wage hikes were "an assault on the university because they attack the status of teachers and of higher education."

Tension also rose in the railway sector. Union Ferroviaria union admitted that strikes could be called tomorrow if talks fell through with management.

As for the telephone workers, FOETRA's Federal Capital branch union members will today disrupt operator-assisted communications, radio links and telex and fax services. The workers will also march to Congress with the purpose of informing legislators of their opposition to the privatization of Entel [National Telecommunications Enterprise] phone company.

The Federal Capital FOETRA branch yesterday demanded the suspension of Communications Under Secretary Raul Otero and asked the government to overrule all decisions made by his department in the Entel sell-off in view of two ongoing lawsuits against him.

In the bank dispute, employees at both national and foreign private institutions staged protests throughout the day to demand pay adjustments for April and May. Their pay floor is currently 600,000 australs.

Delegates from AB [Banking Association] bank clerks association and ADEBA [Association of Argentine Banks] Argentine private banks association met at the National Labour Relations Bureau, but negotiations adjourned until tomorrow.

While new rallies are lined up for today, unrest continues to mount in the provincial banking sector where clerks are poised to strike unless there is an imminent pay settlement.

For his part, FETEN teachers union leader Domingo Solimano said yesterday's strike was backed by 85 percent of teachers on average nationwide, and warned a union plenary scheduled for the first days of July "could decide not to resume classes after the winter holiday break."

According to union estimates, the strike staged yesterday was backed by 75 percent of teachers at Federal Capital establishments, 90 percent in Buenos Aires province and almost 100 percent in the Greater Buenos Aires area and the rest of the country.

"The strike is the reaction of workers to the unilateral decisions of educational authorities, who not only have turned their backs on the claims of the sector but have also systematically avoided negotiating educational policies with the unions," said Solimano.

He added that the 150,000-strong FETEN would "remain on alert and continue fighting for just wages."

Education Minister Antonio Salonia admitted that there would be new protests by teachers in the next few days "because the government's wage offers have not been satisfactory in May."

However, he pointed out that teachers would be paid their mid-year wage bonus (aguinaldo) this week to palliate their situation.

Solimano considered the bonus as "meagre" since it was calculated on the basis of April wages and amounted to only 225,000 australs for teachers and 400,000 for headmasters.

Finally, in furhter labour unrest, UOM [Metalworkers Union] metal workers were back on the brink of the warpath yesterday as wage talks broke down once again with employers.

UOM Secretary-general Lorenzo Miguel confirmed that the union had "officially rejected" the wage offer made by the business chambers and warned "a new battle plan will be drafted next week."

The union is demanding a raise of 35 percent retroactive to May before discussing new adjustments, while the business leaders are offering only seven percent for June and six for July.

Menem Defends Wife's Ties With Seineldin

PY2006190090 Buenos Aires BUENOS AIRES HERALD in English 20 Jun 90 p 11

[Excerpt] (NA-DYN)—President Carlos Menem yesterday pointed out that his wife, Zulema Yoma, "is linked to (former) Colonel (Mohamed) Seineldin and some of his men by a true and deep friendship," adding, "I have nothing against them."

In statements to TV channel 2, the head of state said that "each person chooses his or her friends, mates and relations," and added that the first lady's ties with the hard-line "smeared-faced" military sector were "a known secret." [passage omitted]

Brazil

Science, Technology Secretary Meets Mosbacher

PY2106003490 Brasilia Domestic Service in Portuguese 2200 GMT 20 Jun 90

[Report by Gisele Benitez]

[Text] After the meeting with President Fernando Collor, U.S. Secretary of Commerce Robert A. Mosbacher met with Science and Technology Secretary Jose Goldemberg. After the meeting, Secretary Goldemberg commented on the main topics discussed during the meeting:

[Begin recording] [Goldemberg] Their problem is that in Brazil there is no law (?protecting) intellectual property. According to Mosbacher, the lack of laws guaranteeing

intellectual property in Brazil discourages U.S. companies from transferring technology to the country.

[Unidentified reporter] What was the second topic?

[Goldemberg] The second topic was that he believes that there would be many more investments in Brazil, if [words indistinct] participation. He showed great interest in seeing the U.S. Government [words indistinct] in the modernization process. [end recording]

Now that the Brazilian Government has suspended the prohibition of importing more than 1,500 products, the U.S. officials are interested, according to secretary [not further specified], in starting investment in the country.

Central Bank Head on Economic Plan, Indexation

PY2006214290 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 20 Jun 90

[Text] Central Bank President Ebrahim Eris has reaffirmed that the government will not allow a recession to save the economic plan. He also confirmed that salaries will not be indexed.

[Begin Eris recording] The government is not insisting that there will be a recession. We have announced our monetary and fiscal policies. What we are saying is that the consequences of those policies will be more or less recession, more or less inflation, more or less growth, depending on changes that might be forced into the economic plan, particularly in salary policy. In case of a rigid indexation of salaries, the risk of recession increases. If we can have a greater flexibility in the case of salaries and prices, our policies will lead to reducing inflation and improving economic activities. [end recording]

The Central Bank president admitted that workers have suffered losses in their salaries' buying power before the Collor Plan was implemented, and guaranteed that the government is studying a strategy for compensating those losses without compromising the current guidelines of the economy.

Government Signs Three Agreements With Venezuela

PY2106033090 Brasilia Domestic Service in Portuguese 2200 GMT 20 Jun 90

[Report by Gustavo Mariani from Itamaraty]

[Text] Brazil and Venezuela have signed three cooperation agreements. Foreign Minister Francisco Rezek and his Venezuelan counterpart Reinaldo Figueiredo signed the documents at Itamaraty today.

One of the agreements establishes that Brazilian and Venezuelan tourists do not need visas to visit either of the two countries. Another agreement establishes mechanisms for political consultation, and the third creates a work group to cooperate technically in the border region. Minister Rezek said that understanding between Brazil and Venezuela benefits not only these two countries, but also other countries that are concerned with the preservation of the Amazon Region.

[Begin Rezek recording] Two countries of large [word indistinct] in the area, that thus broadened international relations in a period of great fecundity in international life.

Two countries that also belong geographically to the Amazon Region, which is an extremely sensitive area and that has been creating certain concerns, and is the object of a permanent debate on [words indistinct] in Brazil and abroad. [end recording]

In the ceremony, Minister Rezek announced President Fernando Collor's visit to the Venezuelan border, where he will meet with Venezuelan President Carlos Andres Perez.

Environment National Secretary Jose Lutzenberger has said that the gold-prospectors' activities in the border region cause nothing but damage to the country. Lutzenberger has asserted that Brazil and Venezuela have a real political will to cooperate for the preservation of nature on their common border. He reacted indignantly to the gold-prospectors' predatory activities in the border region. [passage indistinct]

Lutzenberger has announced that in the next few weeks President Fernando Collor will decide in what part of the country the World Conference on Environment and Development will be held. The Conference is scheduled for 1992. Lutzenberger, however, did not want to comment whether Sao Paulo or Rio de Janeiro—which has more and better hotels—would be chosen as the site for the conference.

'Gold-Seekers' Invasion' Minimized

PY2006024290 Brasilia Domestic Service in Portuguese 2200 GMT 19 Jun 90

[Repoert by Gustavo Mariani from Itamaraty]

[Text] During a 30-minute meeting with Foreign Minister Francisco Rezek, Venezuelan Foreign Minister Reinaldo Figueiredo asserted that his government does not want to create any problems with the Brazilians over gold-seekers' invading Brazilian territory, because he does not believe the gold-seekers do it intentionally. It is only that they do not know the geographic characteristics of the site. He even used a mutually understood word to put an end to the issue. He said he did not want to seek gold prospecting [garimpeizar] problems with Brazil. He believes that the (?solution) to this problem is basically up to Brazil. He said that Venezuela will simply adopt police measures whenever such invasions occur.

The Venezuelan foreign minister also discussed environmental issues with Minister Rezek. He proposed that Brazil take the initiative to suggest positions regarding the Amazon Region. He also supported the idea that the

two countries create bilateral mechanisms for political consultation to keep up with international development.

Businessmen Discuss Foreign Trade With Officials

PY2106031890 Brasilia Domestic Service in Portuguese 2200 GMT 20 Jun 90

[Report by Aurea de Castro from Rio de Janeiro]

[Text] Businessmen and government officials have discussed the new structure for foreign trade. More than 100 Rio de Janeiro businessmen met at the Trade Association Hall in downtown Rio de Janeiro to listen to lectures on the new guidelines for foreign trade. Eduardo Lobo, assistant coordinator of the Economy Ministry Coordinating Board for Trade Exchange, said that the organization that replaces CACEX [Foreign Trade Department] regulates the procedures for import and export activities. Lobo said he believes Bank of Brazil offices nationwide will continue to distribute the export permits.

During the debate, the most discussed topic referred to the difficulty the businessmen face in obtaining the import permits. The businessmen made several suggestions on how to speed up the process and urged the government to better equip the customs sector, thus releasing imported merchandise faster.

The businessmen were very happy to learn that the list of products that can be exported with just a declaration had been increased, because this is a giant step toward de-bureaucratization.

More Than 110,000 Public Employees Dismissed

PY2006033690 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 Jun 90

[Excerpts] The list of public employees who have been dismissed by the government surpasses 110,000 names. Other names will be published in the OFFICIAL GAZETTE before the end of this week. [passage omitted]

The National Press prepared its machines to print 50,000 issues of today's GAZETTE with twice as many pages as usual. It ended up by printing 23,000 issues with the normal size because of time restraints. They also pasted a list of the dismissals included in today's issues on the buildings entrance door as a public service. The list included employees from five ministries and nine public sector organizations . [passage omitted]

Today's issue included the name of a little over 3,000 public employees who lost their positions and were placed at the disposal of the government. The list was not longer because there was no time for the president to sign a list with more names to be published by the National Press Department. The government intends to continue publishing similar lists until the end of the week. Until late this afternoon, the Administration Secretariat had already received more than 110,000 names of public employees to be dismissed from ministries, secretariats, and companies being dismantled. However, not all of these names will be published in the OFFICIAL GAZETTE because most of them are not directly employed by the administration.

Highest Unemployment in Sao Paulo Since 1985

PY2106033890 Sao Paulo FOLHA DE SAO PAULO in Portuguese 20 Jun 90 p B-14

[Summary] The State System of Data Analysis (SEADE) and the Inter-union Department of Statistics and Socio-economic Studies (DIEESE) have reported that in May, the unemployment rate has again increased in Sao Paulo and the neighboring industrial towns and reached 11.6 percent. This has been the highest unemployment rate since 1985.

In the industrial sector, 53,000 workers have lost their jobs; in the service sector, 15,000 have lost their jobs; and in other sectors (particularly in the construction sector) 34,000 workers have lost their jobs.

Lula's Workers Party Forms 'Shadow Cabinet'

PY2106015890 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 20 Jun 90 p 8

[Report by Reali Junior]

[Text] Paris — On 20 June Deputy Luiz Inacio Lula da Silva, the president of the PT [Workers Party], revealed some of the names of the persons who will make up the shadow cabinet that is being formed by his party. Marcio Thomaz Bastos will be the justice minister, Antonio Candido will be the culture minister, and Jose Gomes da Silva will be the agriculture minister. These are some of the persons that Lula is consulting. The PT leader indicated that he will coordinate more than 20 work groups in his shadow cabinet.

Lula rejected the idea of a meeting with President Fernando Collor, saying that it is a personal problem, taking into account the behavior of the then PRN [National Reconstruction Party] during the final stage of the campaign. Lula defined the first period of the Collor government as "100 days of illusions." On 19 June Lula closed his Paris program with a one-hour meeting with Pierre Mauroy, first secretary of the Socialist Party.

* Status of Collor-Military Relations Examined

90SM0127A Sao Paulo ISTOE in Portuguese 16 May 90 pp 22-24

[Article by Francisco Viana, with contributions from Altamir Tojal (Rio), Ilara Viotti and Pedro Paulo Resende (Brasilia), and Marilena Degelo (Sao Paulo): "The Hooded General: The Commander Who Defended the SNI Is a Lone Voice Saying What Other Officers Are Thinking"; boxed material as indicated]

[Text] What was seemingly a monotonous routine ceremony almost became the fuse for the first crisis between Collor and the military. On Friday, 4 May, General Pedro Luis de Araujo Braga assumed the Military Command of the Southeast and decided to use the occasion to make an impassioned defense of the intelligence services, thereby embarking on a collision course with the government's administrative reform program, which with one stroke of the pen had transformed the SNI [National Service for Intelligence] into a barbarous relic of our national history. Braga—who for more than two long decades operated in the shadows—took off his hood in order to stand up for his former colleagues of the intelligence community, which he complains is today being treated as "despicable, hateful, and amoral." "I reject this insult," Braga shouted into the microphone in the presence of General Carlos Tinoco, minister of the Army, and 300 other invited guests.

In a gesture that was completely out of character for him, Collor chose to avoid the confrontation. Instead of summarily firing the unsubmissive general, he elected to order Gen. Tinoco to reprimand him. On Wednesday 9 May Collor finally struck back, in polite but clearer language. "You represent," he said, "loyal and disciplined obedience to the person who in addition to being head of state and head of government—by the free choice of the people of Brazil—is also, by constitutional provision, the supreme commander of our Armed Forces." Collor was addressing 1,200 men of the Batalhon of the Presidential Guard and of the 1st Regiment of Guard Cavalry, the Dragoons of Independence.

Accompanied by the entire Army High Command, Collor was making a courtesy visit to the two garrisons charged with the security of Planalto Palace and its important occupant and was treated with extreme courtesy. He visited the replica of the stall of the horse of Marshal Deodoro da Fonseca, the first president of the Republic; acquired a helmet identical to those worn by the Dragoons of Independence; and ate barbecued meat and ice cream. In the two speeches of 45 lines that he made, however, he sent one and the same message: "The Army must be strong, united, and disciplined." The reference to discipline was the formula devised to isolate Gen. Braga and nip the crisis in the bud. The doubts raised by the general's speech, however, have not entirely been dispelled.

One of these doubts involves determining what repercussions Gen. Braga's apparently personal outburst might elicit in the barracks. In the opinion of Braga himself, these are matters to be taken seriously. "I want to be your leader," he emphatically told three detachments of troops that on Friday 4 May were representing the more than 80,000 men of the Military Command of the Southeast. This quality of leadership, however, is a personality trait that has not been recorded heretofore in Braga's career.

This military officer—who is now 63—graduated with the class of 1946. He has an explosive temper; is anticommunist, intensely pro-American, a Protestant, and an enemy of everything that is identified in any way with the progressive Church; and has always lived in the shadow of General Sylvio Frota. It was thanks to Frota's prestige that in the somber year of 1968 Braga—then an unknown officer—became a key component of the intelligence services created by Minister of the Army Lyra Tavares to stifle the student movement and the guerrillas.

Fate decreed that Gen. Braga and Frota would be separated geographically at a crucial moment for the pro-Frota faction. This occurred when the ultraradical minister of the Army had a direct confrontation with Geisel in October 1977, lost his job, and lost his aspirations for power. Braga was comfortably installed in Washington, where he remained until 1979—far from the epicenter of the storm that propelled Frota and many of his followers into the reserves or into ostracism.

On his return to Brazil, armed with the credentials of a specialist in intelligence (Category A) and in economics and finance, Gen. Braga acquired an obscure post: the Military Command of Amazonia. It was a kind of exile, where he was able to reflect extensively on the directions taken by the democratic opening—which the pro-Frota group rejected—and was shrewd enough to remain silent. Behind the scenes, however, he carefully planned the new directions to follow. With the help of his close friend General Iris Lustosa—who headed the Army's Intelligence Center in the Figueiredo administration—he exchanged the jungle for Brasilia, and when Sarney took office won for himself the strategic Military Command of Brasilia.

He was a substitute on a par with General Newton Cruz, but was able to avoid ridiculous public displays of force. In the strikes he confronted, he behaved as if he were at war. Wearing a field uniform, helmet, and meticulously polished boots, he monitored—radio in hand—the mobilization of the troops. But he always took one precaution that had been rejected by his tempestuous predecessor: he did not leave his office, located on the third floor of the building housing the Ministry of the Army.

The major turning point in the life of Gen. Braga came with the promotion of another of his friends, General Walter Eduardo Martins, to be Sarney's Armed Forces chief of staff, whom Collor had the courtesy to retain in that post because the general was on the verge of entering the reserves. Martins—who was by origin a Geisel partisan but had close ties with the intelligence community—was careful from the very outset to protect the personnel of that community. And he was perfect in that role: approximately 40 percent of the generals in the High Command turned out to have some kind of connection with the intelligence services. Braga was rewarded in two ways: with a fourth star, and with a

promotion to secretary of the economy and finance of the Army—with the decisive backing of Gen. Martins.

Between the fourth star and the secretaryship of economy and finance, Braga found himself involved in a rather symbolic incident. In an official letter dated 12 July, the general authorized the secret service to purchase a special lot of tools: 40 handcuffs, 60 meters of fabric for hoods, and 39 lock-cutters, at the price of 919,000 cruzados of that era. It was obviously not the ludicrous quantity involved that earned headlines for the general's letter: the order carried with it a suspicion concerning the real objective of the secret services, namely, training in techniques of torture.

Braga emerged stronger than before: so much so that Minister of the Army Carlos Tinoco took care to give him a command of the first order. What actually happened is that Collor dismantled the SNI [National Service for Intelligence] without significantly disturbing the Army's power structure. As a result, not a few generals with ties to the intelligence area remain in key posts.

That is the case with Gen. Iris Lustosa himself. For those who do not remember, his name is linked to a bizarre operation that was never carried out: "Operation Crow," intended to destabilize the candidacy of Tancredo Neves. On the eve of the convention that would consecrate Tancredo's candidacy, an operation in the most obtuse style of the Cold War was hatched in the offices of the Army Intelligence Center, headed by Lustosa. Sergeants of Planalto's espionage service took to the streets carrying placards that read: "Together With Tancredo We Shall Reach Our Goal." At the bottom there appeared the not at all ingenuous symbol of the hammer and sickle and the acronyms of the PCB [Brazilian Communist Party] and PCdoB [Communist Party of Brazil]. One should remember that in those days the Berlin Wall was still standing, and firmly. Several sergeants were arrested and the plot unmasked, but Lustosa did not lose respectability. Today he commands the Army's General Personnel Department.

Lustosa is not the only "untouchable." One can list in this category Gen. Luis Pires Ururahy Neto, of the Northeast command; Gen. Felipe Jorge da Silva, who used bayonets to put down a strike in Itaipu and is now on the staff of the Army High Command; and Gen. Braga. Could Gen. Braga be speaking today on behalf of all these officers, in other words, on behalf of a reasonably well organized group? Did he present himself as spokesman for the more than a few malcontents of the now abolished SNI? In military circles, the intelligence sector is aware that Gen Braga's "rear guard" consists solely of Gen. Lustosa and Army Chief of Staff Antonio Joaquim Soares Moreira, who superintends a vigorous curriculum within the secret service—and no one else.

But Braga did not speak in a vacuum. What he wanted to say, in code, can be translated in one word: privileges. In Brasilia the routine at the SNI has apparently not changed. The parking spaces are chosen by lot, indicating that work has not stopped. But anyone who enters the unobtrusive complex of buiitings at W-3 South immediately realizes that the "spy paradise" has turned into an inferno. There are no funds even for drinking water and coffee, and the spies—veterans and trainees alike—do not seem to bear any resemblance to the feared personages of the past. They are fearful and talk only about salaries and dismissals. Many of the 15,000 employees of the agency can even sleep soundly: their jobs are secure. This privilege encompasses mainly the agents, who number 5,000. There are 3,000 people in the ranks, however, who expect to be laid off—the majority of them office workers—and approximately 2,000 military personnel ranging from sergeants to colonels who will either return to the ranks or be fated to put on the "pyjamas" of the reserves.

When the layoffs are completed, only one "elite" corps will remain: 500 personnel carefully selected for a project ostentatiously called the "Program for Scientific Support of the Presidency of the Republic." The military personnel involved feel particularly impacted because they are losing something like half of their pay in addition to the functional apartments in the Pilot Project (a reserve officer assigned to the SNI earns approximately 500,000 cruzeiros). Because there is no money for unemployment compensation, the government's strategy is to transfer personnel to activities that are unimportant, thereby forcing resignations. It was the attention of these personnel that Braga wanted to galvanize.

There is no doubt, however, that the abolition of the SNI is still a burning issue behind the scenes in the government, but not because of the abolition of the SNI per se. To tell the truth, the acronym SNI was consistently maligned in Army circles, and there were even periods when no one was promoted unless he had previously been screened by the intelligence agency. On this point there has been little reaction to Collor's decision. The resistance of the miltary is focused on another front: the Secretariat of Strategic Affairs. In the government's new table of organization, a civilian has been placed in charge of important military matters: the secretariat is headed by the businessman Pedro Paulo Leone Ramos. During a recent meeting of Leone Ramos with the military, Minister of the Army Tinoco let fly a venomous barb.

"Do you know how the system works?" Tinoco asked.

Ramos hemmed and hawed. The minister pressed the attack.

"How can you hope to organize anything in the intelligence area," he said, "if you don't even know what assets you have on hand?"

Admiral Mario Cesar Flores, minister of the navy, was more direct. After the meeting he telephoned the president and gave vent to his feelings.

"Mr. President," he said, "Pedro Paulo does not know anything about these matters."

Collor retained Ramos in the job, but made some concessions. He gave the green light for the files of the SNI to be carefully transferred to the Army Intelligence Center and posed no obstacle when the brand new Armed Forces Chief of Staff, General Jonas de Moraes Correia Neto, appointed to replace General Waldir Eduardo Martins, created a structure paralleling the Secretariat of Strategic Affairs. In other words, the EMFA [Armed Forces General Staff] will now also have its own strategic department in which civilians are not involved, period.

Braga is not taking part in this difficult game, however, because—among other things—the military have no interest in creating areas of friction with Collor. The president has given clear signals that he does not want to antagonize them. On the contrary: after touring the Calha Norte region of the Amazon jungle in uniform, flying in a supersonic aircraft, and diving in a submarine, Collor's ratings are high—at least in the barracks. These exploits are interpreted, military sources say, as a means of enhancing the prestige of the Armed Forces—and best of all, they are accompanied by practical measures. The proof is that in an era of rhetoric concerning austerity and cost-cutting, the military budgets remain untouched.

This helps one to understand the moderation with which Collor treated Gen. Braga's gesture of defiance. "Collor reacted as the commander in chief of the Armed Forces, but chose to leave any harsh response for another occasion," maintains Professor Rene Dreyffus, author of "The Rightists' Game" and noted expert in military affairs. "In this way he is able to take action in a more organized way." Military sources tend to agree with Dreyffus' explanation as to why Collor did not punish Braga: It wasn't necessary. In other words, Collor understood that Braga was getting something off his chest.

This is according to Braga's superior, Army Minister Tinoco. When Braga finished speaking, Tinoco telephoned Collor and hastened to explain:

"Don't be concerned, Mr. President. The general was addressing those sectors of the press that speak of the SNI as if they were criminals. It is an isolated incident."

There will be enough time before 31 March 1991—when Gen. Braga leaves his command, joins the reserves, and dons the "pyjamas"—to see if the general was right.

[Box, p 22] The Shots Fired by Braga: The Passages That Annoyed Collor

"Those who work diligently in that area (the intelligence area)—despite the fact that they are serious, honorable, and professional people—are invariably referred to as morally deformed shysters who commit acts that pervert the character of a person of good will and Christian principles. I reject this insult!"

"In my command, intelligence—as a resource of the commander that is essential to decision-making—will be encouraged, always in accordance with the law and with standards that are compatible with the purity of our institution and the dignity of those who belong to it."

"I want to be your leader."

* BNDES Forecasts Growth in Second Semester

90SM0132A Sao Paulo VEJA in Portuguese 16 May 90 pp 5-7

[Interview with BNDES President Eduardo Modiano by Telma Mekler; date and place not given]

[Text] Based on a common impression, since the shock applied by President Fernando Collor de Mello, the Brazilian economy has become a very confused topic. It is not known for certain whether the economy is going backward or forward, and the amount of money left by the confiscation is still a mystery. The main question is aimed at learning whether the country, in the hands of the new federal engineers, is being renovated or demolished. One of those engineers, economist Eduardo Modiano, is convinced that everything is in order on the other side of the smokescreen raised by the shock. Modiano, a professor of economics at Rio de Janeiro's PUC [Pontifical Catholic University], married, and the father of three children, holds a privileged observation post. He occupies the position of president of the National Bank for Economic and Social Development, BNDES, a bank that acts as a major regulator of the government's industrial policy. Modiano bears heavy responsibilities in that office: In the distribution of the tasks involved in the package, it is incumbent on BNDES to direct the irrigation of the economy and the process of privatizing state enterprises.

The BNDES president admits that the government confiscated more money than was necessary, but justifies the excess. "It was better to block more and later return cruzeiros to a few, so as to reach a balanced situation," he claims. Modiano gives assurance that the government will not spend money to put the state enterprises in good condition before privatizing them. Based on his prescription, the state enterprises will cover their debts (which are making them uninteresting to private entrepreneurs at present) by selling part of their assets. According to the BNDES president, the economic reform that he helped to devise, in conjunction with Minister Zelia Cardoso de Mello's team, is incapable of destroying the Brazilian economy. Modiano declares: "Our economy has an enormous capacity for adjustment. That is our great trump card." In this interview with VEJA he discusses the shock and the nation's future.

[Mekler] The government has made a brutal confiscation of everyone's savings, and has dried up the money on the market; and now it is even being claimed that there is too much money in circulation. Isn't this proof that the government has no control over what is happening to the economy?

[Modiano] There was no exaggeration in the blocking of new cruzados. It was better to make a mistake on the

downward side, blocking a larger amount of funds than necessary, and to allow the market and the government's decisions to raise that volume of cruzeiros in circulation. Some releases have already been authorized by Brasilia, as well as some leakage in the exchange of new cruzados for cruzeiros. We anticipated that this would occur. For that very reason we needed to begin with a rather small number of cruzeiros in circulation, perhaps even below the amount with which the economy can operate without constraints. Now the volume of cruzeiros is reaching an adequate level.

[Mekler] Then do you disagree with people who point to excessive liquidity in the economy?

[Modiano] That diagnosis is inaccurate. In the first place, the liquidity is still poorly distributed; in other words, there are too many cruzeiros in some sectors, and a shortage in others. The balance has not yet been reached.

[Mekler] It is being claimed that there was fraud in the conversion of new cruzados into cruzeiros. What can be done about this?

[Modiano] The government must make every effort to find the focal points of the leakage; and, if possible, to take action against those who committed excesses in those conversions. Some measures will have to be adopted to deal with banks and business firms that exaggerated, or engaged in such informal conversions.

[Mekler] In September 1991 the government will begin returning the withheld cruzados. How many cruzados will still be left in the Central Bank's supply by that date?

[Modiano] That is not a precise calculation. It would be ideal if all the cruzados were to be returned to the economy by then. I do not know whether that will be possible, but it is quite likely that only 25 percent of the total amount blocked may be in the Central Bank when the time comes to return the cruzados.

[Mekler] Why has the government decided to withhold the cruzados for 18 months? What was the basis for reckoning that time period?

[Modiano] A year and a half is required for the economic shock to produce all its effects. The shock was not confined to the blockage of cruzados. It also calls for deepseated reforms, which need time to produce an effect. For example, it will take time for the state's participation in the economy to be reduced. The cut in public spending and the return of productive investments are also time-consuming. Furthermore, there is a psychological factor. The mentality of people who were used to 80 percent monthly inflation does not change rapidly, or overnight.

[Mekler] Do you think that the recent deregulation of imports will weaken the national industry? To cite a nearby example, in Argentina the industrial plant was dismantled.

[Modiano] The question should not be framed in that way. What is behind deregulation is a desire for improvement. The government is aware that the Brazilian industry is over-protected. With the new policy of openness, what is desired is to allow the people access to good quality products manufactured abroad and, at the same time, to increase Brazilian industry's exposure to foreign competition. This will be accomplished gradually. We can divide the national industry into three quite distinct branches. In the first, there are industries already exporting, which are, of course, competitive on the international market. There are some that still need a certain amount of time to adjust to a state of greater openness to the outside. In the third group there are those that have managed to operate only with an undue protection protection against foreign industry. The first two types need not fear. As for that question of the national industry being scrapped with the deregulation of imports, the risk is obviously non-existent.

[Mekler] Why?

[Modiano] In Argentina there was a full, total, unrestricted deregulation: something that will not occur in Brazil. Besides, the Brazilian industry is more modern than Argentina's. In addition, the degree of protection there was greater than ours.

[Mekler] The import tariffs announced two weeks ago are high, to the point where, in some instances, they would preclude the purchase of an item from abroad. So, how can you talk about openness if it continues to be so expensive to import?

[Modiano] The intention is to make a policy in stages. Over the short term we could even have some increase in tariffs, which are currently being raised from an average of 40 percent to about 60 percent. Starting there, the government would announce a schedule for tariff reduction, whereby the desire to open the economy to the outside would become clear, but without making the change suddenly. As tariffs decline (from 60 percent to somewhere about 20 percent, a level close to that used by the more developed countries), the Brazilian industries that need to adjust to competition would have time to make that improvement. This would take about 36 months. Now, those business firms that require protection from an average tariff of 60 percent in order to withstand the competition with foreign industry will have to change their line. As the saying goes, it is impossible to make an omelette without breaking the eggs.

[Mekler] The state enterprises that the government wants to sell have enormous debts. In their current financial situation, private entrepreneurs will have no interest in purchasing them. How does the government intend to solve that problem? Will it spend public funds to put the state enterprises in good condition, and then sell them to the private sector?

[Modiano] We would not spend money to solve the problems of the state enterprises with debts. We would

prefer to sell the assets of those state enterprises to cover their debts, and later privatize them.

[Mekler] Some studies show that, of the 250 state enterprises, only 70 could be privatized. This seems a small number.

[Modiano] The question is not so much the number of enterprises. There are state enterprises of all values, ranging from those worth a few tens of millions of dollars to USIMINAS [Minas Gerais Iron and Steel Mills, Inc], which is worth approximately $1 billion. The net worth of the enterprises that can be privatized is what counts, and that net worth is considerable. We could be talking about something like $40 or $50 billion.

[Mekler] When it announced the package, the government created a bond, the privatization certificate, which the banks would be forced to purchase. The banks could not negotiate that paper, but could only exchange it for stock shares in state enterprises. Is that fair?

[Modiano] In the first place, that is just one of the systems that we will be using to privatize state enterprises. There are others. We will be able to sell a state enterprise directly, at auction, on the securities market. We will be able to accept blocked new cruzados in exchange for stock shares in those enterprises. There is also the possibility of foreign entrepreneurs' purchasing the enterprises in foreign debt conversion operations. As for the privatization certificates, they were created as a means whereby the financial sector can contribute to the growth of the productive sector. The financial sector was the one that grew most with the high inflation that we have experienced during recent years. Therefore, we will be transferring funds from the financial sector to the productive sector on a compulsory basis.

[Mekler] Which are the first state enterprises on the list?

[Modiano] The first batch includes USIMINAS, Piratini Steel, the Northeast Iron and Steel Company, Union Petrochemical, and Mafersa. We also intend to sell the shares of stock that the government owned in PETROQUISA [PETROBRAS Chemical Corporation] and the Tubarao Iron and Steel Company. With those first sales, we can collect as much as $5.5 billion.

[Mekler] The world is becoming divided into economic blocs. In 1992 the European countries will form one. The United States, Mexico, and Canada are due to form another one; and the Asian countries as well. What path will Brazil take? Will it seek out its South American neighbors to form a fourth bloc, as President Sarney wished?

[Modiano] Because of its geographical dimensions, its supply of natural resources, and its population, Brazil is already a bloc in itself. We will continue to follow our own path.

[Mekler] Won't the country run the risk of being left isolated?

[Modiano] Brazil is an amazing country; it has a dynamism of its own, which is astonishing. At one time, there is talk of depression; the next minute, there is talk of heating. But we always grow, and surmount incredible crises. By the end of the Collor government, I expect us to have an open, competitive economy closely resembling those of the developing countries.

[Mekler] Many people fear that the country will eventually end up submerged in a crisis like that in Argentina. Are we running that risk?

[Modiano] Such danger is nonexistent. I repeat again: The Brazilian economy has always found ways of adapting to new situations. The speed with which the productive sector responds to changes is amazing. Dynamism is our greatest trump card.

[Mekler] Does Brazil have a knack, after all?

[Modiano] Brazil has a knack; it has always had a knack, or at least it has always found a knack. What we want now is a solid, lasting solution to the problem of inflation and growth: a growth that is not sporadic, like the kind that occurred during the Sarney government's first two years. We must combat inflation, because it is an obstacle to the economy's growing at a healthy rate again. What we are seeking with the plan is a consistent economic policy that will lead us to a state of steady growth. The economy needs to produce wealth, and some of that wealth must return to production in the form of investment, so that the country can experience a process of constant growth.

[Mekler] Technically, the country is in a recession. When will it grow again?

[Modiano] Soon, perhaps starting in the second semester.

[Mekler] When it devised the package, did the economic team imagine that its implementation would cause such a major, lengthy standstill in production?

[Modiano] In the first place, it must be understood that there are sectors in the economy that flourish with high inflation, and others that develop better when inflation is low. For this reason, when there is a sudden decline in the inflation rates, the economy undergoes a reorganization. The same phenomenon that we witnessed during March and April of this year, just after the economic shock when industrial production declined, also occurred following the previous stabilization plans: the Cruzado, the Bresser, and the Summer Plans. This happened despite the fact that there is a fundamental difference between the current plan and the former ones. Unlike the latter, this one is not expansionist in nature. Other factors that influenced the decline in production must also be taken into consideration. Just prior to the Collor Plan, business firms were filled with supplies of raw materials and finished products, as has been confirmed by various reports from the Sao Paulo State Federation of Industries, FIESP. Furthermore, the

drying up that occurred in liquidity did, in fact, reduce consumption, at least during the first 30 days; and this had an impact on production. But it is obvious that this won't be a permanent phenomenon.

[Mekler] The data collected by FIESP show that the standstill that occurred in industry during the past two months was far more rampant than that experienced with the previous packages. Are we, after all, in a recession or not?

[Modiano] Making an assessment of the economy's performance based on the data for the first month of the stabilization plan could lead to mistaken diagnoses. The decline during this early period does not depict a state of recession. What is occurring is a reorganization, in which business firms are attempting to gear themselves to the new level of liquidity and of demand in the economy. If the economic team had been horrified by that temporary standstill, fearing that the country would become sunk in recession or even depression (as some economists predicted), it would have relaxed its controls; and the country would now be treading the path of inflation again.

[Mekler] The 1980s went down in Brazilian economic history as the "lost decade." The nation's economy was left in stagnation because there was little stability and much inflation, which discouraged business investments. After having undergone a fourth shock in only four years, will it be possible to convince entrepreneurs to invest again?

[Modiano] The inflation and the uncertainty caused by the consecutive plans created to combat it actually took away the entrepreneurs' inclination to invest. This will tend to disappear as the current economic program succeeds in its intention to end the causes of inflation. Furthermore, from the public sector's standpoint, it should be stressed that one of the greatest obstacles to development during the 1980s was the state's lack of ability to invest in the infrastructural area, in which it should have been acting as a backer of the private sector's activities. The government simply did not have resources for this. The measures adopted by the Collor government are solving that problem. With the adjustment made in the fiscal area and the spending cuts, the state will again have funds available for investment.

[Mekler] Some economists and businessmen have claimed that the reduction of the public deficit is still a task yet to be accomplished.

[Modiano] The budget for 1991 is being prepared now, and it will clearly reflect the government's intention to cut its expenditures in the most deepseated and permanent manner. When we devised the economic plan, there were various obstacles preventing us from doing so. The fiscal year was already under way, and there were constitutional impediments to certain changes.

[Mekler] Will new taxes and surcharges be created?

[Modiano] New taxes will not necessarily be created. Preferably, the government will attempt to make more cuts in its spending. There are some who claim that the cuts made to date have been minor. But that criticism remains in the theoretical realm. No one thus far has made any concrete proposal for new cuts. I would like them to indicate to us where it would be possible to do this without running into constitutional impediments.

* Aeronautics Minister Monteiro Profiled

90SM0133A Rio de Janeiro MANCHETE in Portuguese 26 May 90 pp 92-95

[Article: "Aeronautics in Good Hands" by Helio Contreiras]

[Text] In the crusade to cut government spending, President Collor de Mello has found in his aeronautics minister an immediate ally: Brigadier General Socrates Monteiro, a fighter pilot who loves to tell jokes on the Portuguese (his parents are Portuguese immigrants), began to auction off the cars assigned to his ministry, starting with the very ones used by his own office. Completely devoted to the professionalization of the Air Force, this 59-year old Rio native is admired by his branch of service for his finely-honed strategic vision and skill in flying the sophisticated Mirage fighter planes. A homebody of modest habits, he swapped his official mansion on Peninsula dos Ministros for a simple middle-class apartment, without amenities or swimming pool.

Like Churchill who retained his sense of humor even when London was being bombed almost daily by the Nazis during World War II, Minister of Aeronautics Gen. Socrates da Costa Monteiro, 59, is unfailingly relaxed. He is a great storyteller, specializing in jokes on the Portuguese (his parents are Portuguese immigrants) rendered with a heavy continental accent. Once, when he headed the Integrated Center for Air Defense, a reported asked him if the radar would be able to identify a flying saucer. He answered "yes," and added that he would invite the press to his first interview with the extraterrestrials.

The general is also an amateur guitarist. But he is better at flying an airplane, since he does not always obey the commands of the keys and really attacks the musical notes. But when he picks up the guitar, his wife is his favorite vocal accompanist. She displays her talent in gatherings with friends in Brasilia, but actually these occasions are rare, limited mainly to weekends when he has no professional commitments, since it is usually very late when he leaves the Ministry of Aeronautics.

Certainly his irreverence and good humor has been part of him since the days when he lived at Icarai beach, in the Rio de Janeiro city of Niteroi. Even then he was able, in family gatherings, to perfectly imitate the Portuguese accent. Socrates Monteiro and his wife Marilia, an attorney, regularly invites friends over, either in Brasilia or in Rio. The entire family does not get together very

often since his daughter Beatriz is taking an advanced course at Oxford. He also has a son Claudio, an engineer, and three grandchildren: Eduardo, 9; Livia, 6; and Gabriela, 5.

Flying is no longer just for birds. Fighter pilot Socrates Monteiro can fly a supersonic Mirage and remain totally concentrated on what he is doing. As soon as the plane starts to move, all his attention is directed toward the technology. After all, he is a military man who clearly has chosen to lead by example. For that very reason, in a veritable dogfight against excessive privilege, the cars selected for the first auction of official aeronautics ministry vehicles were the ones used by the minister's own office. Cutting expenses to the bone, without compromising effectiveness; this was the route he chose in order to concentrate the resources in priority areas.

Considered to be very articulate and a military officer of strategic vision, the minister of aeronautics confesses that he is devoted to the cause of professionalism in the Brazilian Air Force and aware that a military institution takes no sides in the political scene "but is the armed fist devoted to preserving the sovereignty of the Brazilian air space and our national security." He considers unfair and inappropriate any suggestion that the military are not themselves making any sacrifices in order to reduce public spending. He has already moved out of the official residence on Peninsula dos Ministros and into a middle-class apartment at Superquadra Sul 110 with no amenities, nothing ostentatious, and no swimming pool. And we would not advise anyone who wants to discuss party politics, the concerns of special interest groups, corporativism, etc. to seek out Brig. Gen. Monteiro. He makes it clear that he believes in the politicians who were elected on the basis of a commitment to contribute to perfecting democracy, and he believes in the civilian institutions and in the strengthening of those institutions. Furthermore, as regards the major national issues, he says he will never sit on the fence when, as a private citizen, he has to take a stand.

'Aerospace Program a Priority'

He says he would put the interests of Brazil over those of the Air Force if forced to choose. But he adds a proviso by saying: "Most of the time, obviously, the two coincide." And he observes: "In our field there is no room for technological hiatuses (an Air Force cannot lag behind, it must keep abreast of progress through research). We are committed to working together to achieve the efficiency that is essential to aviation. You must always remember that aviation demands that man aim for perfection, humility, and team spirit. All of us in aviation are responsible for each other's lives, and we are paid by the citizenry, to whom we must always be accountable, if we are to be effective."

Socrates Monteiro also makes it clear that he has the interests of every segment of the aeronautics ministry at heart every day: the Air Force, civil aviation, the infrastructure, science and technology, manpower training. The program to nationalize aviation equipment, a priority goal of the aeronautics ministry under previous administrations, will certainly be continued, the minister insists. The space program, supported by the Aerospace Technical Center (CTA) created in the 1950s by Marshall Casemiro Montenegro Filho, is a priority because of the advances it brings not only to its own sector but to several areas of civil aviation. "Even with our economic and financial problems, we must always be of service to the citizen, the taxpayer."

And what will relations be like between Aeronautics and the congressional leadership? Now we hear the minister speaking: "The door to my office is always open to the legislative branch; after all, we operate on the basis of the Constitution and laws of Brazil. We do not even think of skirting the letter of the law. Obedience to the law is fundamental for any government agency and is the foundation of the democratic regime. In administering this portfolio we also take as our points of reference sovereignty, the common good and, of course, professional character and dedication. Faced with the budgetary restrictions, we will always opt for the feasible and for efficiency when we have to choose between the ideal and the established limit."

The minister himself had a few more comments on his leadership strategy: "We are always mindful that this is the time to spend on essentials, without excesses, for the sake of the economic recovery effort and the resumption of development. We are committed to ensuring a well-trained Air Force that identifies with the citizen, his values and his cultural and personal heritage. We cannot disassociate ourselves from the daily life of the people, whether they live in the cities or in the most remote point of Brazilian territory."

Socrates Monteiro states that "in the political realm, the FAB [Brazilian Air Force] intends to use its influence whenever it can make a contribution to strengthening the institutions and, in the realm of aviation, guaranteeing maximum security, both in the Air Force itself and in civil aviation. The two are integrated in their aim to furnish a high standard of economy and operational ability, while giving due credit to the aviator and showing respect for the air space and the passenger."

* Auto Industry Discord With Government Viewed

90SM0116C Sao Paulo ISTOE in Portuguese
9 May 90 pp 16-18

[Interview with ANFAVEA president Jacy de Souza Mendonca by unnamed correspondent: "Let the Japanese Come"; date and place not given; boxed material as indicated]

[Text] The leader of the automobile industry welcomes the competition—and issues a challenge.

Lawyer Jacy de Souza Mendonca, LL.D., 57 years of age, has since 1989 been president of ANFAVEA [National Association of Automotive Vehicle Manufacturers] after

serving as its vice president for the six previous years, during which he had a series of experiences—not always pleasant—in dealing with the government and in living with a succession of economic measures and "packages." The automobile industry was accused—more than once—of frustrating economic stabilization plans because of its power. In the case of the Collor Plan, history is repeating itself and the reactions are also the same. The president of the republic is afraid that the Brazilian automobile manufacturers could scuttle the "package" he has sponsored. Mendonca does not believe that the firms he represents have that kind of power.

[ISTOE] The automobile industry is once again at the center of a controversy with the government. Are you therefore so powerful that you induce these reactions on the part of the government?

[Mendonca] We have no quarrel with the government.

[ISTOE] But what motivated the reaction of President Collor, who ordered that studies concerning the importation of automobiles and the construction of new plants be accelerated?

[Mendonca] When a dealer franchised by an automobile company sells a car for a price above the list price and the automobile manufacturers are blamed, I cannot understand why. When the manager of a syndicate sells quotas to someone and does not deliver the cars on the assigned day, the auto industry is blamed, and I don't know why. The actions that are causing these difficulties have nothing to do with us: absolutely nothing.

[ISTOE] Doesn't this attitude on the part of the government probably stem from the fact that the automobile industry accounts for 11 percent of the GDP and approximately four million jobs, thereby giving the industry very great leverage?

[Mendonca] If we do account for 11 percent of the GDP, that should be cause for concern and should be the object of serious study. I believe it is something that should concern the government officials who manage the economy, but nothing more than that. We are not demanding anything, or asking for anything, or protesting anything!

[ISTOE] Does this mean that your industry—even though decapitalized—has been supporting the Collor Plan?

[Mendonca] Yes, even though it means greater hardship for us. We understood that a return of economic activity would come via the food sector and commercial activity, followed by the sector of industry that produces more expensive goods. We felt this so strongly that we chose simply to halt production and put our employees on paid leave of absence so that no one would suffer additional hardship as a result of this.

[ISTOE] Couldn't this be the reason for the government's reaction? Isn't it true that halting production and laying off employees constitute behavior that could be interpreted as confrontation?

[Mendonca] What else could we do? Our lots were crammed with finished products, and our franchised dealers were stocked to capacity. There was no room to park any more cars, nor money to keep on manufacturing them in the absence of sales, because we were totally without any capital. So where is the confrontation?

[ISTOE] The automobile industry benefited from the lengthening of the time period granted for repayment of financing and from the postponement of the due date for payment of the IPI [Manufactured Goods Tax], among other things. Has the government asked for something in return for these measures?

[Mendonca] On one occasion a request was made for a commitment not to lay off personnel, but the automobile industry rejected any formal commitment to that effect. We realize that a commitment to provide stable employment for workers does exist, and it is a moral commitment that we are keeping. The level of employment, however, is directly related to the market.

[ISTOE] Was the proposal to maintain the level of employment made by Minister Zelia?

[Mendonca] Yes.

[ISTOE] How did she react to the refusal?

[Mendonca] She simply did not sign that day the decrees that postponed the due date for payment of the IPI.

[ISTOE] This week she again spoke as though there had been a commitment on your part to maintain the level of employment.

[Mendonca] She construed the reports stating that we were committed to stable employment as meaning that a formal commitment had been undertaken by the automobile companies.

[ISTOE] How much longer will the automobile industry be able to maintain the level of employment despite the decline in sales and in production?

[Mendonca] I believe that at least two weeks will be needed to verify the extent of the decline in the market and the existence of a trend toward recovery of the market to normal levels. Only when we have clear data concerning these two circumstances will it be possible to plan what should be done. One thing that can be done is simply to retain the entire work force, because the recovery will take place within a period of time that is tolerable.

[ISTOE] Are you specifically forecasting an optimistic scenario or a scenario involving layoffs?

[Mendonca
I do not presume to make predictions.

[ISTOE] The government is indicating that it will open the Brazilian market to new automobile manufacturers. In this moment of crisis, aren't the companies that are already established here running a serious risk of losing market share?

[Mendonca] On the day it arrives in Brazil, any automobile manufacturing company will be a Brazilian automobile manufacturing company.

[ISTOE] I am speaking with reference to the competition....

[Mendonca] It does not matter! We already welcomed Fiat 20 years ago, and Volvo 10 years ago, so it is nothing new! The more that come, the better!

[ISTOE] Do you believe there are opportunities for attracting capital to Brazil for investment in the automobile sector?

[Mendonca] No, I honestly do not think so. I would like Brazil to be very attractive for the foreign investor today, but it is not. Bear in mind that the world has available all of Asia, where there has been a fantastic economic explosion, and also Western Europe, where some countries such as Spain and Portugal are absorbing all they can of resources, investment capital, and technology. Why would foreign industry come to a market such as ours, which is in decline? Although we had previously reached the mark of more than one million vehicles sold, we sold only 750,000 in 1989 and this year we will sell fewer than 700,000. Why now—precisely now—should we harbor the illusion that we are attracting anyone to invest in our country?

[ISTOE] What does President Collor mean when he calls Brazilian automobiles crude little carts?

[Mendonca] As for the expression "the cars are crude little carts," you have to understand it in the context in which he made it. The president was not speaking of the automobile, but of the fact that Brazil is closed to the world economy and its technology. No one cried out more loudly in opposition to that closure than we did. I would like Brazil to have an economy so exuberant that it would attract all the world's investors who might like to come here.

[ISTOE] And if they come with all that technology, would they not stifle the Brazilian auto industry?

[Mendonca] That is undoubtedly true. The mere thought of bringing in foreign cars and setting up shop here would mean closing the doors of the Brazilian manufacturers. But I cannot imagine anyone thinking along these lines, for that would be the same as saying: "We are going to stop making automobiles and go back to importing them, as was done before the 1950s." And we would be wiping out 4.5 million jobs we are generating. I do not believe anyone could be thinking along those lines. If the manufacturers who are already here continue to be prohibited from equipping their vehicles with imported electronic equipment while permission is granted for cars coming in from abroad to use electronic equipment, it is all over for Brazil.

[ISTOE] Does Brazil run this risk?

[Mendonca] Definitely, although I am unable to say that the people with whom we are talking are thinking along those lines. What we unquestionably do have is the desire to develop our economy in such a way that we shall be able to attract investors who bring new technology, but under conditions identical to those we have already established here.

[ISTOE] Is the Fox—which is made in Brazil and sold in the United States—a "crude little cart"?

[Mendonca] First, let me say once again that when the president spoke of a "cart" he was merely using it as a metaphor to emphasize the contrast in technology. You are now raising another question: the fact that the Fox is equipped electronically. That is permitted, however. It is one of the curious aspects of our economic policy. Where exports are concerned, we can import the components and install them in cars that are destined for a foreign market, but we cannot import these components for cars destined for the domestic market.

[ISTOE] Are any auto manufacturers today thinking of leaving Brazil?

[Mendonca] Absolutely not.

[ISTOE] If the market is so bad, what is keeping the auto manufacturers here?

[Mendonca] Brazil's potential.

[ISTOE] What kind of agreement will the auto industry offer the government—what kind of bridge will it try to build—to prevent a major collision?

[Mendonca] All the economic "packages" prepared in Brazil in the past several decades had some things in common. First, they were all intended to combat inflation. Second, the remedy they used for this purpose was a freeze on wages and prices. The result, incidentally, was that wages and prices remained frozen and inflation was not combated. All of these "packages" had an immediate impact on us. We were always told that demand had to be contained, and the demand for automobiles was always cited—sometimes in the preamble to the decree announcing the packages, sometimes in the accompanying speeches. It is no accident that in 1979 we sold more than one million automobiles in Brazil and last year we were not able to sell more than 750,000. Demand really was contained! But at what price? It was at the price of hardship affecting both production and the level of employment. We suffered the consequences of all these "packages" immediately. The automobile is the place where 3,000 components are brought together, with the participation of a thousand

suppliers, each one accompanied by a plethora of problems. If this process is interrupted, the repercussions for this entire—and massive—segment of the economy are enormous!

[Box, p 12] Chronology of the Conflict: The Moves Made in The Contest Between the Government and the Auto Manufacturers

2 February 1990. "Compared to the cars of the developed world, Brazilian cars are actually crude little carts," Collor says in Bonn, Germany.

22 March 1990. A total of 40,000 workers employed by automobile manufacturers are placed on collective leave. The auto manufacturers say they are adding 12,300 vehicles per day to their inventory.

27 March 1990. Mercedes-Benz places 8,500 employees on collective leave.

28 March 1990. Following a meeting with the minister of economy, General Motors vice president Andre Beer said: "The auto manufacturers are determined not to lay anyone off, but they are asking the government to set a time when the faucets will be turned on."

29 March 1990. AUTOLATINA extends the paid leave of 28,000 employees. The assembly plants have 7,000 vehicles on their lots. Volvo in Curitiba places half of its 1,500 workers on leave.

4 April 1990. The government authorizes sales of new cars up to a limit of 30 units per month. The auto manufacturers are authorized to accept new cruzados for sales of cars allotted by syndicates until 15 March. The industry did not like this: it wanted conversion for cruzeiros. AUTOLATINA extends the leave of 28,000 metalworkers.

5 April 1990. The sale of vehicles declines 42.7 percent from the figure for February. ANFAVEA president Jacy Mendonca demands a 3.6 percent price increase for vehicles, to compensate for the increase in the IPI.

7 April 1990. Pedro Eberhardt, president of SINDIPECAS, says that the companies in his sector can hold out for 60 days. "After that," he says, "there will be bankruptcies."

11 April 1990. AUTOLATINA and GM extend the leave of 43,000 metalworkers. The presidents of six metalworkers' unions of Greater Sao Paulo meet to oppose the reduction in the workday.

17 April 1990. The government releases funds in new cruzeiros for syndicates and postpones for 30 days the due date for collecting the IPI from the automobile industry. A campaign is launched to promote the sale of more expensive cars.

18 April 1990. The government increases the term for the financing of used vehicles to 18 months from 4 months.

24 April 1990. The automobile manufacturers notify the Metalworkers' Union of Sao Bernardo that they intend to reduce the workday and wages as of 2 May. There is a shortage of the least expensive cars.

* Obstacles to Biotech Advances Viewed

90SM0131A Sao Paulo ISTOE in Portuguese 14 Mar 90 pp 58, 59

[Article by Odilon Guimaraes]

[Text] Biotechnology became a magic word early in the 80s. It was seen as being able to open the way, in just a few years, to a series of miraculous products and thus to million-dollar deals. Expectations were especially high in the United States, where scientists pioneered in gene splicing, a technique that makes it possible to bring together in one cell the genetic material from different organisms. So far, few products resulting from genetic engineering have managed to complete the trip from the laboratory to the market. Despite this, companies are still investing more and more money in biotechnology; now they are engaged in a technological contest in which American leadership is openly challenged by mammoth Japanese and European corporations.

Europe and Japan were a little late getting into gene splicing research and are now trying to make up for lost time. The Europeans are following the simplest strategy: its pharmaceuticals conglomerates have gone hunting for American companies that own technology that has already been developed. One of the brightest stars, Genentech Inc., a California firm responsible for most of the genetic engineering products already on the market, was bought out last month by the powerful Swiss pharmaceutical group of F. Hoffmann-La Roche, for $2 billion. Before then, the Merrieux Institute, controlled by the Rhone-Poulenc of France, had paid $800 million last year for Canada's Connaught Biosciences, a major vaccine producer. The big chemical firms in Europe are also earmarking ever greater portions of their R&D budgets to products derived from modern biotechnology. This trend is also seen in Japan. All the big corporations there have entered the game and face the challenge of repeating in biotechnology the same success they achieved in industrial development, where they started out on the foundation of existing technology and ended up overtaking the rest of the world.

The field that these companies are studying is incredibly broad. The modern revolution in biotechnology began with the pharmaceutical industry, in which one of the first concrete results of the new techniques was human insulin, produced from a bacteria that had been modified by the insertion of a human gene. Agriculture now seems to have the highest potential, because of the development, by genetic engineering, of plants that are stronger and grow faster. Japan is now working on new microorganisms for fermentation that could speed up the production of beer and wine by its beverage industry. Also in Japan, detergent makers are perfecting their products by the use of enzymes, and more than 50 firms

are doing research into biosensors—products in which the membranes of living cells work in harmony with semiconductors to permit instant readings of protein and gas levels in blood and urine.

In contrast to this vast field of possibilities opened up by researchers from the industrialized countries, modern biotechnology in Brazil is still confined to a few laboratories at universities and government institutes and to the work of a few dozen companies. Sales of products of the modern technology manufactured in Brazil would not even total $15 million a year, estimates Antonio Paes de Carvalho, president of Abrabi—the Brazilian Association of Biotechnology Companies. However, the future market is potentially enormous: $20 billion, according to Carvalho, and this scarcely taking into consideration those industrial sectors that employ procedures classified as classical biotechnology, methods that could be perfected by introducing more modern techniques. This is the case with industries that use fermentation processes, such as alcohol and beverage factories, and with the entire production of vaccines, industrial genetics involving animals and plants, and the exploitation of the biomass.

The road to be traveled until the more modern techniques truly reach the industrial production phase in Brazil promises to be long and full of setbacks. Abrabi's president himself was a participant in an episode that clearly illustrates the problems faced by Brazilian technological research. He headed Biomatrix S.A., one of the largest research firms in plant biotechnology, which began operating in 1986. Last month Biomatrix was closed down. Agroceres, which controlled the company, justified its decision by the need to cut costs after a year of the group operating in the red, brought on by the lack of investments in 1989 in the agricultural sector.

Biomatrix started out with the hope that within three years it would be producing 2.4 million seedlings per year through micropropagation. That technique makes it possible to use the tissue of a plant to produce in the laboratory thousands of genetically identical seedlings. While a nurseryman using traditional methods might obtain 400 new trees a year from one eucalyptus tree, millions of clones can be produced in the laboratory from a fragment of plant tissue from just one tree. Moreover, the seedlings will be much healthier and will be identical to each other.

Biomatrix was closed down before it could achieve 10 percent of the expected seedling production. Embrapa—the Brazilian Agricultural Research Company—finds its research into micropropagation of the dende palm tree threatened by a shortage of funds. The only successful firm, Bioplanta Plant Technologies,Inc., which is also backed by a powerful corporate group—Souza Cruz—has already made a lot of progress in producing seedlings by micropropagation. Now it provides 2.5 million citrus tree seedlings a year, one million apple tree seedlings, plus seedlings for eucalyptus and other fruits—grapes, pears, plums, pineapples, bananas, and strawberries. Besides guaranteeing that its seedlings are improved, identical, and virus-free, Bioplanta employs mycorrhiza in its production process, i.e., a fungus is permitted to invade the roots of the plants, helping them extract nutrients from the soil. This makes the plants more drought-resistant and enables them to grow faster. In this case, explains Rui Luis Vaz, production manager for Bioplanta, we are not talking about a microorganism that was "constructed" through genetic engineering but one that is obtained from nature after a long period of selection and analysis.

In addition to clonal propagation and microbiology, Bioplanta is trying to go more deeply into genetic engineering processes. So far its studies are directed toward genetic mapping of the eucalyptus tree, the final objective being to obtain a faster growing species whose lumber would produce more calories for charcoal production.

A research project that involves genetic engineering is necessarily a long-term effort, and this scares off many businessmen who are contemplating investing in biotechnology, says Rui Vaz. That is what happened in the United States, where many investors bet on the new science early in the 1980s but abandoned ship when, impatient, they decided they could not wait for products to reach the market. The same thing happened in Brazil but aggravated, according to Vaz, by the circumstance that the businessman's natural desire for immediate results is made keener here by the vagaries of economic policy. "In Brazil we lack not only capital, but men who really understand what a high-tech company is," says Rui Vaz, president of Abiveg—Brazilian Association of Plant Biotechnology.

The U.S. example shows that, as in computer technology, the most significant technological advances in genetic engineering have been made by small firms. What is happening now, especially in light of the more serious race between Europe and Japan, is that those firms are being taken over by the big ones or else expanded and transformed into stronger, more solidly-grounded companies. To solve the problems of a shortage of entrepreneurs willing to start projects here in Brazil, there are plans for the government to give them a boost. At the IPT, Institute of Technological Research, in Sao Paulo, a group of 55 professionals is trying to develop processes in several areas of biotechnology. The intent, according to Americo Martins Craveiro, coordinator of the program, is to have developed processes all ready for use by industry. In Rio, the state government is working with the Federal University of Rio de Janeiro to set up an "incubator" for biotechnology firms.

Paes de Carvalho, president of Abrabi, is also in the front lines at the Bio-Rio Foundation, which is heading up the company formation project. An enterprise needs only about $100,000 to be permitted to establish itself there. The foundation provides the land and the utilities infrastructure so that the company can begin producing. Carvalho believes that the center could "generate" about

22 firms a year and, within 10 years, achieve sales of about $300 million. That would make it possible to reinvest $35 million a year in new technologies and companies. Two companies have already moved in: one makes tests to identify pathogenic bacteria; the other makes kits to diagnose Chagas disease.

Also working in diagnostics is Sao Paulo's Embrabio—the Brazilian Biotechnology Company, Ltd. its growth in recent years was spurred by production of AIDS detection tests. The company's biggest leap forward is coming with the development of its own methodology for the western blot test, which must be administered as confirmation to everyone who tests positive for AIDS antibodies in an initial examination. According to Paulo Sawaya Filho, president of Embrabio, 4.8 million AIDS tests are given every year in Brazil. The results of at least 10 percent of those tests must be reconfirmed by administering the western blot test. Those tests are imported today and each one costs about $50, according to Sawaya, who hopes to market the domestic method within six months.

[Box p 59] Products for the Future

Medicines already on the market include human insulin, anticoagulants, and anticarcinogens obtained by genetic engineering. Biosensors and vaccines against AIDS are still being researched.

Vegetables are being genetically "engineered" in order to better resist disease and insects. Seeds and seedlings of virus-free plants will grow faster.

New microorganisms can fight pollution and purify effluents. Enzymes are used in making detergents and paper.

* Opposition Contacts European Socialists Abroad

90SM0116A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 May 90 p 5

[Article by correspondent Reali Junior: "Opposition Attempts To Gain a Place in European Socialism"]

[Text] The PDT [Democratic Worker's Party] may very soon no longer be the only Brazilian political party to be a member of the Socialist International (SI). Leaders of the PT [Workers Party] and PSDB [Brazilian Social Democracy Party] have in recent days flocked to Europe to seek contacts with the European socialist parties that belong to the SI. The French PS [Socialist Party] favors the acceptance of other Brazilian parties by the Socialist International and believes there is no reason for this exclusivity on the part of the PDT. At least this is what some French PS leaders told the members of the PT and PSDB who in recent days passed through Paris. The new outlook for Europe, and the strong influence enjoyed by the social democratic parties in Europe, have induced many Latin American parties to join the Socialist International.

Following the events in Eastern Europe the PT concluded that it was necessary to recycle its international relations, inasmuch as its image had until then been closely associated with the regimes in Cuba and Nicaragua. The party is now beginning to seek alliances in the area of European social democracy. The PSDB has for some time maintained contacts with the socialist parties in France, Portugal, and Spain but never expanded that relationship despite the fact that it numbers within its ranks several persons ideally suited for the purpose, such as Senator Fernando Henrique Cardoso.

The recent collapse of the Berlin Wall and the consequences of that collapse—including the reunification of the two Germanys, the strengthening of the economy of a France governed by the socialists, and the European outlook from 1993 on—is awakening the PSDB to the need for maintaining stronger alliances abroad. As one of the vice presidents of the organization, former Governor Leonel Brizola has attempted to be the vehicle for this rapprochement, but neither the leaders of the PT nor those of the PSDB want Brizola to act as the intermediary.

For several days the Workers Party leaders Luiz Gushiken, national president of the PT, and Marco Aurelio Garcia, secretary of culture of Campinas, have been touring Europe to establish contacts with social democratic parties. In France they met with Pierre Guidoni, national secretary for foreign relations of the French PS. They also visited Italy, Sweden, and Federal Germany for the same purpose. The PSDB had already made an initial contact through Deputy Euclides Scalco, who took part in the French PS party congress in Rennes, Brittany.

On Saturday Senator Fernando Henrique Cardoso was in Paris, where he gave a speech on the subject of the democratic opening in Latin America as well as strengthening contacts with a view to having the PSDB become an active member of the Socialist International. He subsequently traveled to Sweden for the same purpose.

On Sunday PDT Deputy Roberto D'Avilla also landed in Paris to meet—as Brizola's representative—with a number of President Francois Mitterrand's advisers. He wants to discuss the party's status in the International. Brizola is supported within the Socialist International not only by the president of the French Republic but also by those Germans who are close to SI President Willy Brandt, by the Portuguese Mario Soares, and by the Spaniard Felipe Gonzalez, who is regarded as the most likely candidate to succeed Willy Brandt as president of the SI. Brizola is meeting this week with Gonzalez in Spain and will subsequently go on to Cairo, where he is scheduled to take part in still another Socialist International convention. He has invited Deputy Luis Inacio Lula da Silva to accompany him to the convention as an observer.

In France, the strongest support for the entry of other Brazilian political parties into the SI has come from the

faction represented by Prime Minister Michel Rocard. This group believes that the time has come to reexamine Brazilian participation, arguing that other parties also identify themselves ideologically with the International. Although the organization does not expel any of its active members, it is able to remain open to other currents of opinion in Brazil. In Chile, for example, the Radical Party—which has virtually ceased to exist—is a member of the SI, but that has not prevented the Unified Socialist Party from being a member. Some years ago the PMDB [Brazilian Democratic Movement Party] was the opposition party closest to the International, but in recent days the party's ties with the SI have slackened and it has been losing its prestige within that organization.

* Alcohol Shortage Foreseen for Another Year

90SM0116B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 90 p 5

[Text] Rio—Until next year Brazil is going to live with a shortage of three billion liters of fuel alcohol, according to estimates by Paulo Cesar Ximenes, secretary general of the Ministry of the Infrastructure. In conformity with the orders issued by Judge Alfredo Franca Neto of the 30th Federal Jurisdiction of Rio de Janeiro, who prohibited the use of methanol as a fuel in the states of Rio de Janeiro and Espiritu Santo, the Infrastructure Ministry and PETROBRAS [Brazilian Petroleum Corporation]—which markets 50 percent of all the alcohol produced in Brazil—transmitted very extensive documentation concerning hydrated alcohol, inluding data relative to demand, consumption, stocks on hand, and the marketing structure. Using these data, Judge Franca Neto will decide whether to remove the restrictions on the use of the alcohol-methanol-gasoline mixture in those states where it continues to be banned under the terms of a preliminary order granted in December of last year.

The forecast of an alcohol shortage is expected to be confirmed, however, in the 1990-91 Crop Plan, which remained incomplete because of the abolition of the National Council for Petroleum (CNP), the National Executive Commission for Alcohol (CEBAL), and the Sugar and Alcohol Institute. According to this estimate, the shortage is expected to be "covered" by imports of alcohol and methanol.

Previous estimates made by COPERSUCAR [Sao Paulo Cooperative of Sugar and Alcohol Producers] indicated a shortage of 1.5 billion liters in 1990-91, which could be reduced to 1.2 billion liters by marketing methanol as fuel in Brazil. The alcohol distillers of Sao Paulo declared late last year that they had the capacity to produce 16.3 billion liters of alcohol per year—a goal that was frustrated by the insufficiency of the sugarcane planted, the yield from which was sufficient for a production of only 12 billion liters per year of alcohol. Alcohol consumption is estimated by the distributors at from 900 million to 1 billion liters per month, compared to a total production in April of 814.56 million liters, according to figures from the IAA [Sugar and Alcohol Institute].

Data from the CNP—which were also used by PETROBRAS to report on activities related to the marketing of alcohol—indicated a demand for 500 million liters in April in the Center-South region.

Chile

Political Prisoners, Relatives Occupy Prison

PY2106012290 Santiago Domestic Service in Spanish 2300 GMT 20 Jun 90

[Report from Valparaiso by Roberto Rodriguez]

[Text] More than 150 people, including political prisoners and their relatives, tonight occupied a department of the Valparaiso Public Prison. According to the group from Valparaiso, this measure was adopted to call the government's attention to presidential pardons for those facing trial for political reasons.

Congressmen headed by Andres Aylwin, chairman of the Chamber of Deputies Justice Commission, are now at the prison to talk with the group that is occupying the prison's waiting room, to try and find a solution to this situation.

Aylwin Congratulates Peru's Fujimori on Victory

PY2006211190 Santiago LA SEGUNDA in Spanish 12 Jun 90 p 40

[Text] President Patricio Aylwin last night sent a message of congratulations to Peruvian President-elect Alberto Fujimori.

This is the text of the message:

"It is my pleasure to convey to you my sincere congratulations over your victory in yesterday's elections."

"I wish you the best of luck in your administration that will start next 28 July and voice my government's desire to work with yours within a climate of cooperation and understanding, in keeping with traditional Chilean-Peruvian relations."

"Voicing best wishes to you and your family, I take this opportunity to express my sincere esteem."

Colombian President Barco To Visit 24-26 June

PY2006212190 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jun 90

[Excerpt] Colombian President Virgilio Barco will arrive in our country on 24 June.

This was confirmed by Foreign Minister Enrique Silva Cimma who said that the Colombian president will stay in Chile until the morning of 26 June.

During his visit to our country, Barco will meet with officials from various sectors. Barco's visit is aimed at strengthening bilateral ties. [Passage omitted]

'Extremists' Detained in Carabinero Murder Case

PY2106022890 Santiago Domestic Service in Spanish 2300 GMT 20 Jun 90

[Text] Two extremists who were reportedly involved in the murder of retired carabinero noncommissioned officer Marquez Riquelme Echeverria, on 18 June in Chillan, have been detained.

They are Marcelo Osses Albornoz, 25, militant of the Manuel Rodriguez Patriotic Front, who had escaped from the Santiago prison, and Pamela Pesoa Matos, 21, social service student from the University of Concepcion.

The police found many weapons and explosives at the site where the couple was detained. It is believed that Osses and Pesoa are directly involved in the murder of the noncommissioned officer, a former member of the former CNI [National Intelligence Center].

The two extremists this past Friday were placed at the disposal of the Concepcion First Military Court.

Two PCCh Central Committee Leaders Resign

PY2006191990 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jun 90

[Text] Communist Party of Chile [PCCh] leaders Manuel Fernando Contreras and Augusto Samaniego have announced their resignation from the PCCh Central Committee.

Contreras and Samaniego said that their resignations were political, seeking to help inform the entire party of the real discussion that has taken place at the PCCh Central Committee and at the PCCh National Conference.

The PCCh leaders pointed out that the reinstatement of the legal status of the PCCh is a pre-condition for the policy for democracy and socialism.

Contreras and Samaniego indicated that it is not enough for the PCCh to merely confirm that it is more democratic than other parties and that it has made a huge contribution to Chilean democratic history.

Contreras and Samaniego said that it must be admitted that, unlike other parties, the PCCh must strive for unanimity in its political action by all its militants and attract the support of the multitude. They pointed out that their difference with the PCCh involves the method of handling the policy of the popular rebellion of the masses, which makes it impossible to remain in the party. [recorded passage indistinct]

Contreras and Samaniego said that the party's current policy should go beyond a simple constructive independence and should fully engage in the great task of constructing democracy.

The two PCCh leaders then indicated that society and politics must be deeply renewed.

Samaniego said that the communist cells and the thousands of party comrades who suspended their regular participation will understand that, following their resignations from the Central Committee, it can no longer be said that they disagree because of a petty lust for power or that they are obstructing the party leadership.

Toxic Waste Dump in Area of Antofagasta Revealed

PY2106021290 Santiago Radio Cooperativa Network in Spanish 2300 GMT 20 Jun 90

[Report by Fernando Stockner from Antofagasta]

[Text] The Antofagasta branch of the Flora and Fauna National Defense Committee [CODEFF] has revealed the existence of a toxic waste dump in a desert area near the city of Antofagasta. Regional authorities have admitted that the establishment of the dump was authorized 10 years ago.

According to CODEFF, the dump is located on kilometer 1325 of northern highway No. 5, 40 km south of Antofagasta. The dump consists of a pit located 700 km south of the Panamerican Highway and has no signs indicating what it is.

The dump occupies one hectare and one of its pits is currently being used. It seems that others have already been sealed. According to CODEFF, the pit is 100 square meters in area and the transparent red liquid it contains is 60 centimeters from the surface.

(Guillermo Sublev), member of the CODEFF Antofagasta branch, has revealed that Reactive Agents for Floating, Incorporated [Reactivo de Flotacion, S.A.], a Shell subsidiary, was authorized by the Antofagasta Health Service to establish this dump on 30 October 1980.

(Sublev) added that official organizations have managed to establish that the aforementioned enterprise unloaded three shipments per week of 45 tons of toxic waste. This means that a total of 23,400 tons of chemical waste have been dumped in this area.

When asked about the impact it could have on the environment, (Sublev) said:

[Begin (Sublev) recording] What we want to do is stop the dumping of toxic waste in that area. No permeability study or any other type of study has been made to determine if it is an adequate site to dump toxic waste. We fear that the amount of toxic waste dumped in the area has surpassed the admitted amount since the soil in the area percolates well. [end recording]

(Subiev) added that although there are no people living in the area, nor are there any buildings, this area is regarded as a potential area for development in the future.

On his part, Regional Health Ministry Secretary (Mario Desmier), confirmed that the Shell Float Enterprise had been authorized to establish this dump. He also admitted that it was used twice to dump oil from vessels that had anchored in Antofagasta.

* Economic Policy Generates Fears of Recession

90SM0121B Santiago QUE PASA in Spanish
10 May 90 pp 35-36

[Text] Economists and others with a stake in the economy are interested in understanding and analyzing the current economic situation, and especially in being able to predict, with a minimum of risk, what will happen in the future. (In this issue we are beginning a monthly economic analysis section.) Two factors are vital for an effective economic analysis. The first is the existence of timely and public information. The Central Bank and the National Statistics Institute are two organizations which deserve recognition for their contributions to an adequate analysis of the economy. This has not happened for decades with fiscal and public sector information. A palpable demonstration of this is the controversy stirred up recently by the speech by the minister of finance, Alejandro Foxley, on the 1990 budget. Rather than emphasize the existence or lack of resources, the important thing is to emphasize that if information were more readily available, this discussion would not have had the wide margin of differences between persons who have proved their seriousness by their public actions.

The second factor to be considered is that the authorities' signals must be clear, consistent, and timely, so that appropriate action may be taken in response.

During the first quarter of this year the rate of growth of productive activity slowed in relation to 1989. In fact, the Imacec [Monthly Economic Activity Index] published by the Central Bank shows a growth rate close to four percent during the two-month period. Moreover, according to the INE [National Statistics Institute], industrial production was 4.9 percent higher than in the same month of 1989 (in March 1989, this same comparison was 15.4 percent). So the situation during the first three months of the year was consistent with the economy's long-term financing capacity. This is also reflected in the latest employment statistics. During the first quarter 144,000 new jobs were created in relation to the same period of 1989. This means a 3.4-percent increase in the number of people working. In addition, real wages and salaries rose by 1.5 percent in March. The last two variables, which have a direct impact on private spending, indicate a growth which will be perfectly possible to finance. Furthermore, while imports of consumer goods declined during the first quarter, on the other hand, imports of durable goods rose.

Salaries are increasing at a very moderate real rate. In nominal terms, the value of the dollar remained practically stable for five months, which indicates a decline in the real exchange rate. Nevertheless, the level of the real exchange rate is still a stimulus for nontraditional exports, as is shown by trends in this sector. What is certainly of greatest concern is the interest rate, the instrument which the authorities use to slow down spending increases. A rise in interest rates makes investment projects less attractive, which means that the corresponding spending is postponed. This year the real investment attraction rate was at least twice what it was during the same period of 1989. The size of the increase plus its duration (for eight months the real attraction rate has remained above eight percent) have made themselves felt. This has especially affected construction, the service sector, and import-substitution industries. Business balance sheets during the first quarter also reflect this, which is not too surprising in an economy which has a high debt-equity ratio. That is why in recent days we have been seeing a number of groups raise the debt issue with the government. This concern had been eliminated from the public debate, and, fortunately, it is now returning to center stage. A summary of all these factors poses a number of questions.

Why don't the authorities change their policies if the excess spending adjustment has taken place? Won't this create a risk of the economy overadjusting, thereby generating subsequent social problems? And, won't it be the workers who, through fewer jobs and lower wages, will be forced to pay the cost of the overadjustment? And finally, doesn't this end up by creating an image problem for the market economy, a problem which is not the fault of the economic model?

The authorities should have considered all these questions. The excuse they are using for maintaining the adjustment policy is the resurgence of inflation. And in fact, during the past 12 months the inflation rate was 24.8 percent. This is certainly too high, and needs to be lowered.

Why this resurgence? That is the key question now. To answer it, we need to investigate the causes of the inflationary phenomenon and to clearly distinguish the impact of different economic variables. First of all, in 1989 the real growth of the money supply, including the monthly average private expanded aggregate money supply, was 6.9 percent in relation to 1988. During the same period production grew by 10 percent. During the first quarter of this year there was a 4.5-percent growth in the money supply over the first quarter of 1989. It is interesting that when we compare the real money supply existing during the first quarter of 1990 with the money supply existing in 1987, which may be a normal year, we find a 23.8-percent increment. During the same period production growth was 21 percent. This shows that any excess in the money supply that may have existed in the economy has been eliminated. When we observe the fiscal situation during the first quarter of the year, we

cannot conclude that it was public-sector spending which was the causative factor behind the resurgence of inflation.

This resurgence is caused primarily by the rigidity of our economy as a result of the level of indexation and the public's inflationary expectations. The evidence that demonstrates the truth of this is found in a painstaking analysis of the IPC [Consumer Price Index]. In fact, if we observe the April index, which rose by 1.8 percent over the March index, we see that the groups which were above the general variation level were directly affected by factors related to inflation during the previous year. This is also confirmed by the fact that the variation in the IPM [Wholesale Price Index] throughout the year was about half of the IPC variation. The other factor stimulating this rise is certain inflationary expectations generated by some government officials or by sectors close to the government, in announcing substantial increases in wages and salaries and in public spending. The recent 44-percent rise in the minimum wage is going to strengthen cost-push pressures in small and midsized businesses. The same thing could also happen with an increase in the IVA [Value Added Tax] rate and changes in the luxury goods tax.

Nonetheless, some other opinions attribute this persistent inflation to external factors related to the indexing of the exchange rate. Something similar happened in 1979 when a large influx of capital came into Chile, which later led to setting the foreign currency rate in an attempt to slow down domestic price increases.

At the present time, the increase in foreign investment combined with the attractive interest rate levels caused by the adjustment could be stimulating the influx of dollars. What we can see is a worsening of the balance of trade, but not of the balance of payments, which shows a $100-million surplus.

If this increase in the dollar's bank value is verified and if external inflation is added to it, we reach 24.5 percent, a figure almost identical to the cumulative inflation rate during the past 12 months (24.8 percent). This diagnosis of the origins of inflation should lead to corrections in the exchange policy.

The Central Bank has been caught in a dilemma for the past several months. It has waited for signs of a decline in the inflation rate, signs which have not yet been forthcoming. There is an urgent need for our economic leaders to attack the problems which have actually caused this upturn in the inflation rate. Economic policy is not a science in which the results of an action can be precisely determined. On the contrary, it is what is called "an art." It may be very successful, so long as decisions are made at the right time. The authorities have the duty to be conservative, but in light of background information now available, prudence could be taken for a lack of leadership.

* Parliamentary System Under Consideration

90SM0121A Santiago QUE PASA in Spanish 3 May 90 pp 6-7

[Article by Paula Coddou B. and Alicia De la Cruz]

[Text] The politicians are talking about it. In receptions, in the halls of congress, and in the parties themselves. There is no doubt about it. If there is consensus about anything in this country, it is that we have to move from a presidential to a parliamentary form of government. This topic cuts straight across what is known as the "political class." If anything can unite the right and the left, this will be the issue. In National Renovation and in Christian Democracy, and among the socialists as well, there are fervent advocates of change. And the exceptions, people like Senator Sergio Fernandez, or the political writer Gustavo Cuevas, are few in number.

Four hypotheses are under discussion:

1. Changing to a pure parliamentary system. 2. A French-style semipresidential system. 3. A more participatory presidential system. 4. Or just keeping things as they are (this option has essentially been rejected).

Inside the government, the General Department of the Presidency is a stronghold for the advocates of a pure parliamentary system. And the minister-secretary general of the government, Enrique Correa, is an ardent supporter of this option. Still, the option finally would probably not be so drastic, but would probably tend to resemble a French-style semipresidential system. It is a formula which the "Little Agreement" group advocated over a year ago in its program. For those who are doubtful, it's simple. The mixed option would strengthen the DC-PS [Christian Democracy-Socialist Party] alliance, with, perhaps, a Christian Democrat as president and a socialist for prime minister. That would be in the short term.

Speculation is already focusing on some names. As an example, some people can already see the elegant secretary general of the Socialist Party, Jorge Arrate, taking the oath of office as prime minister.

Nevertheless, planning on such an alliance right from the start would mean somehow keeping the PS-DC relations engaged in an intense and stable romance. "And besides, if the 'Little Agreement' were to break up and create competition between the two parties, surely the second round of the elections would bring them back together again," says political scientist Jose Joaquin Brunner.

In the event of a crisis, nothing would keep a government coalition from being formed outside of RN [National Renewal]. But "saying that this system is being created so that the DC will be able to govern by alternating its alliances with the left or the right is taking too short-sighted a view, since things may change, and unions, with the current deemphasis on ideology, could become infinite," says one Christian Democrat.

Actually, some hard work is now going on in Carmen 8. Some people who still cling to the notion that the political cadres should be represented, think that if Aylwin were to be reelected, he could maintain the presidential status even in a semipresidential system. Of course, that is only an idea, since Aylwin might not be willing to stay in office.

Don "Pato" [Aylwin], though, is a key figure in keeping the "Little Agreement" together. He has already demonstrated that his appeal goes beyond partisan boundaries. But he isn't necessarily indispensable. We can't forget the resurgence of Gabriel Valdes. "Don Gabriel," as almost everybody calls him, has been changing into a public figure with whom a great many social groups feel comfortable, and he is another name being talked about in the back rooms of the DC.

In reality, even the Christian Democrats clearly realize that this is not the issue of the moment. Certainly, in a semipresidential system the chief of state must have sufficient authority to settle disputes, but what still needs to be cleared up is the representative nature of the politicians in parliament.

The semipresidential formula is somewhat more complicated. Both the president and parliament are elected by universal suffrage. If the congressional majority is from a party in opposition to the president's party, the prime minister will also be from another party. In France, this is known as "cohabitation" between Mitterrand and Chirac. Still, the reason for adopting this system in Chile would be because the figure of the chief executive is too strong a tradition to drop entirely. The president would represent the entire nation—taking charge of defense, foreign relations and public administration, while the prime minister would have the cabinet. "That is, the figure of the chief of state would be stabilized, placing it above political conflicts," says Brunner.

According to a Boeninger adviser, "the climate isn't right for a pure parliamentary system, as there are too many myths to do away with, and we can't take away the people's opportunity to elect the president."

A government adviser says there are executive power habits, both in the government and in the party leaderships, which create some doubts about what the change may actually amount to. "Some parties, like the PDC [Christian Democratic Party], already have more of a parliamentary form. But the same thing hasn't happened in the PS or in RN. A statement by Arrate or Allamand still carries much more weight than what the party rank-and-file says." The supporters of a parliamentary system repeat what was said by the political scientist Arturo Valenzuela—an expert on the issue. Such a system would have precisely the effect of changing the balance of power, giving more importance to elected members of parliament than to the party leaders. So it would also foster an agreement between the parties with the executive in relation to their government operations.

There are many people in the DC who share this view and feel that transferring the essence of political discussion to parliament would also be a form of political modernization, since the grass-roots would be better represented, and this would avert the rise of special-interest groups primarily representing the party leadership.

In a semipresidential system the ruling parties would tend to act as a bloc to defend the Executive.

The heart of the matter, then, is the parties' loyalty to the government, and how to keep the parties from breaking up before the end of the term. This becomes much more difficult in a parliamentary system, for if a major crisis should arise, the coalitions might bring about the fall of their own government. In summary, in this system, they are bound together much more strongly.

In order to avoid endless ministerial reshuffles, we could adopt what the Germans call a "constructive vote"; this means it is impossible to veto a cabinet without having a previously organized replacement cabinet elected by majority vote. It would also be possible to stipulate, for example, that there be no votes during the last six months of the government's term in office. There are a variety of formulas that can be used.

The idea is to implement the new system through a constitutional reform. This means, and everybody—especially the president—agrees with this, that if this reform is enacted it will have to encompass all the issues because the Fundamental Charter cannot be changed every year. This is too serious a matter.

The Municipal Law may serve as a catalyst. As one Christian Democrat said, "first they have to get to know each other and work to achieve some common goals. If they don't, then the other thing may turn out to be a system just held together by glue." This means that for some people the left has not ceased to be an alternative, and so they don't view this alliance in the long term as clearly as the Christian Democrats do.

Whether it happens or not, the advocates of either a parliamentary system or a semipresidential system say that they are thinking much further beyond that. "Just to give stability to the nation, and avoid another 11 September 1973. So if the system does break down, we will only have to change the bad fuse. The risks of a short circuit will be greatly lessened."

Colombia

Government Minister Comments on EPL Disarmament

PY2706000090 Bogota Radio Cadena Nacional in Spanish 1200 GMT 26 Jun 90

[Text] Government Minister Horacio Serpa Uribe has said that the Popular Liberation Army [EPL] has responded favorably to the agreements signed with the

government and that the demobilization and disarmament process is almost completed.

Envoy Resigns Over Remarks on Gulf of Venezuela

PA2106020790 Bogota Inravision Television Cadena 1 in Spanish 0015 GMT 21 Jun 90

[Text] Gustavo Vasco, the Colombian ambassador to Venezuela, has resigned. When President Virgilio Barco Vargas was in Caracas, Venezuela, over the past weekend, he stated the government's position regarding the ambassador's statement on the Gulf of Venezuela. Radio Cadena Nacional reported what the president said, but here is Raul Gutierrez, who accompanied the president to Venezuela, to tell us himself.

[Begin Gutierrez recording] The reason for Vasco's departure is the remarks made by President Barco in Caracas on 16 June. Speaking before Venezuelan President Carlos Andres Perez, Barco disavowed the ambassador for establishing guidelines on Colombian foreign policy. The president said: It is clear that our governments' official positions on these drawn-out negotiations on sea delimitation can only come from the respective heads of state, or their foreign ministries, when purposely authorized to do so. [end recording]

DAS Chief Maza on Rumors of His Removal

PA2106044490 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 20 Jun 90

[Text] The issue of General Miguel Maza Marquez' continuation as chief of DAS [Administrative Department of Security] has become as secret as the agency's confidential reports. The question, which stems from the reshuffling of the Army and police that began on 15 June, is whether or not Gen. Maza Marquez will be removed.

[Begin Maza recording] That question is hard to answer. I am a general on active duty, and I have been assigned to the DAS for the past five years. I have received specialized training for the work I am performing. However, I will always be ready and available to work where the Colombian Government deems important. [end recording]

Maza Marquez spoke during a congressional ceremony to decorate the top ranking Army and police commands. During that ceremony, National Defense Minister General Oscar Botero Restrepo emphasized the commitment to peace of some armed rebels. He also called on FARC [Revolutionary Armed Forces of Colombia] and ELN [Army of National Liberation] to resume a normal life.

[Begin Botero recording] If they persist with their intransigence and terrorism, they will show the nation that their sole cause is kidnapping, blackmailing, and intimidation and they will be left alone like drug traffickers and other outlaws who sooner or later will be eliminated—as that happens to all criminals. [end recording]

Gen. Botero warned that the lack of international support to reduce drug consumption has hampered Colombia's struggle against drug trafficking.

Liberal Party Deputy Gunned Down in Southwest

PA2006185390 Hamburg DPA in Spanish 1813 GMT 20 Jun 90

[Text] Bogota, 20 Jun (DPA)—Colombian politician Argemiro Grajales Rosales was gunned down by unidentified individuals while driving along a highway in the country's southwest, it was officially reported today.

Authorities reported that Grajales, ruling Liberal Party [PL] deputy in the Valle del Cauca Assembly, was attacked by gunmen who intercepted his car along the highway.

Lawyer Luz Londono Arango, who accompanied Grajales, was also killed. Government sources have said that no organization has claimed responsibility for the politician's assassination.

Authorities Implement Plan To Counter Crime

PA2106000290 Mexico City NOTIMEX in Spanish 1800 GMT 20 Jun 90

[Text] Bogota, 20 Jun (NOTIMEX)—Colombian authorities implemented a plan to lower the high crime rate and protect Medellin residents today.

The so-called "Presence Plan" includes heavy Army and police patrols in the northeast and northwest quarters of Medellin, where more than 3,000 people have been assassinated so far this year.

The security program includes fixed and mobile Army and metropolitan police checkpoints reinforced with approximately 800 regular policemen and more than 200 members of the police elite force.

According to Bogota authorities, Medellin is now "fully militarized."

In addition, the police high command has reinforced security in Caldas, approximately 80 km from Medellin, because of the increased violence in that area.

According to Antioquia Police Commander Jose Antonio Ignacio Torres, about 100 policemen will be sent to this coffee-producing area to preserve order and security.

Changes in Medellin Metropolitan Police Reported

PA2106023390 Bogota Inravision Television Cadena 1 in Spanish 0009 GMT 21 Jun 90

[Text] Changes within the national police continued today. General Humberto Camero, commander of the metropolitan police in Medellin, was replaced by

Colonel Jorge Ernesto Ferrero, and Deputy Commander Colonel Carlos Alberto Otalora was replaced by Colonel Aldemar Bedoya.

The changes occurred 24 hours after the retirement of Deputy Police Director General Carlos Arturo Casadiego Torrado was announced.

The changes were described by the police director as routine. However, there are reasons to believe that they are not merely routine. In a routine action, changes in the military top echelons would have coincided with the installation of the new president. However, it is not normal for these changes to be taking place two months before the new president takes office. The changes have been explained as follows:

1. President-elect Gaviria must allow the military structures to assimilate the changes. All those affected were caught off-guard.

2. The call for retirement will take place in two phases. The first retirement phase will take place within the highest levels, and the second phase will incorporate the lowest levels within the top echelons. The retirement of the three generals is not routine either. In a routine action, General Nelson Mejia would be the new defense minister and General Armando Arias Cabrales would be the commanding general of the Armed Forces.

The unexpected decision that went against that routine action has been explained as follows:

1. One of the new government's political decisions is to renew the Armed Forces, at all costs, in order to intensify the struggle against narcoterrorism and guerrillas.

2. Another explanation is based on certain facts.

Gen. Nelson Mejia would have had to suffer the consequences of: investigations of human rights violations in Puerto Valdivia; alleged or real differences with the DAS [Administrative Department of Security]; the trials against members of the Armed Forces who were responsible for the raid in Altos del Portal; and his political maneuvers in (Examedrin) and in Duran Dusan's campaign.

The following negative points have been mentioned against Gen. Arias Cabrales: the bloody recovery of the Justice Palace that was severly criticized by Cesar Gaviria, who was a congressman at the time; and the expansion of paramilitary groups.

Gen. Alfonso Amaya would have to contend with two cases of FAC [Colombian Armed Forces] members implicated in drug trafficking.

Whether these reasons are real or not, it is of secondary importance in light of the challenge that President-elect Gaviria has assumed to restore peace in the country. It was the most clearly-expressed demand from those who made him president-elect on 27 May.

12-18 June Police Report on Criminal Activities

PA2106004490 Bogota Radio Cadena Nacional in Spanish 1200 GMT 19 Jun 90

[Text] Bogota—The DIJIN [Directorate of Judicial Police and Investigation] has reported that 640 persons died last week in Colombia. This raises the death rate from the first few days in June by 14.29 percent. The DIJIN report states that between 12 and 18 June there were 640 deaths in the country: 72.68 percent with firearms, 11.43 percent with knives, and 11.07 percent in traffic accidents.

The DIJIN also reported the successful operations carried out against organized crime. It reported that 595 people were captured, and approximately 186,255,000 pesos worth of assorted goods were seized.

The report adds that 188 men and 21 women were arrested. Four firearms, six vehicles, 13,750 kg of cocaine, 25,000 kg of coca leaves, and 18,000 kg of cocaine sulfate were seized in operations against drug trafficking. Ten laboratories for the processing of alkaloid, four clandestine landing strips, and 16,000 cocaine processing plants were destroyed.

The DIJIN report from last week reported the death of the Medellin Cartel's number five man, John Jairo Tascon, alias "Pinina"; the arrest of 60 members of hired-assasin gangs that operate in (El Valle de Aburra); and the arrest in Barranquilla of an extraditable, Salomon Shuster Benitez.

Regarding kidnappings, the F-2 [Judicial Police and Criminal Statistics] confirmed that betweeen 12 and 18 June, seven people were kidnapped in several departments of the country: one in Antioquia, one in Cauca, one in Huila, one in (El Valle de Aburra), and three in Magdalena.

* 13.3-Percent Inflation Rate Provokes Concern

90SM0102A Bogota EL TIEMPO in Spanish 5 May 90 p 6B

[Article by EL TIEMPO editor Luis Alberto Lopera]

[Text] If inflation does not decline in the coming months, the country is in danger of seeing the second highest cost of living level in the last decade this year.

The cumulative figure of 28 percent between April 1989 and April 1990 makes it clear that we are again close to the highest level reported in the 1980s—28.12 percent in 1988.

Although there is hope that things will improve, the cumulative figure for the first 4 months—13.3 percent—has been a worry. It is also the second highest in the past 10 years, exceeded only by the approximately 15 percent for January-April 1988.

These figures show that good intentions do not suffice, particularly in economics. On 2 July 1981, according to

a report published in EL TIEMPO, the man who was the liberal precandidate at that time, Virgilio Barco Vargas, sought to correct the belief that the high cost of living would continue to be a chronic problem.

"To ensure that it does not," he said, "what is needed is a broad base of public opinion with confidence that the government is capable of achieving this and will not relax its effort until it does."

This statement, made at an Incolda [Colombian Institute of Administration] conference, remains theory, a good intention, today. In the 4 years of the Vargas government, inflation has been at as high a level as in the past, nor has he been able to control it in this past year.

Who is to blame? Obviously, not the government alone. Especially if we recall that there have been major adjustments for manufactured products, while at the same time the supply of foodstuffs has been good.

Cost of Living Level

The increase in the price of the market basket in April (2.81 percent) is high for one month, although it is below the four percent for April 1988 and the historic seven percent for that same month in 1977.

The greatest focus of concern is the cumulative figure for four months—more than 13 percent. On this point, it would be well to recall that Venezuela, for example, which had an inflation rate of 80 percent last year, succeeded in reducing the cumulative figure as of April to nine percent. A figure of 30 percent is expected for the year as a whole.

In Colombia, however, the government insists that "it is possible" to end the year with 24, or at the most, 26 percent.

Others, meanwhile, think that the country "has accommodated" to inflation and has learned to speculate on the basis of expectations. Thus far this year, for example, the people have been "betting on" 30 percent in almost all sectors.

The reason is well-known. Because of the opening up of the economy and the need to keep exports on the increase, the government has said that devaluation of the peso will be four points above inflation. Some believe that it will be greater.

This indicator, linked with greater demand, is to a considerable extent pushing the cost of living toward 30 percent. Many people do not find this worrisome, recalling that elsewhere in Latin America it is higher.

Placing the Blame

As always occurs with this indicator, which affects the wallet of every citizen, someone must be found to blame. Who will it be?

Seemingly, it is the industrialists who have contributed the most to pushing the cost of living higher than was expected, with the "collaboration" of trade establishments, which have increased the middlemens' margin. Adjustments in the prices of manufactured products have been higher in the last three years. Thus since 1988, when the inflationary phenomenon began to get out of control, the government has several times urged the industrialists to moderate their adjustments.

However, these "tugs at the ears" of the industrialists, as the press has called them, have done no good. Perhaps, those who understand these things say, they are now trying to "get their own back," since they suffered during the crisis in the mid-1980s. The increases for some manufactured products in April clearly show what is happening. Cigarettes, liquor, toothpaste, deodorants, all drugs (with government approval), laundry soap and detergents, toilet paper, and shoes, among other things, saw increases which almost doubled the 13-city average.

Foodstuffs have also had some influence, although they now account for only 34 percent of the new market basket, as compared to 48 percent previously. Beef, chicken, fish, eggs, brown sugar, and fruit juices were also well above the average.

When the new market basket began to be used, it was said that since foodstuffs had less weight, the cost of living should decline—particularly since the supply of agricultural products had improved. But this did not happen. And this is the reason for assigning the greater responsibility to manufactured products.

Another element which is exerting an influence is the currency in circulation, which tends to "take off" in the last year of a government term, and is now showing an increase of 31 percent. As there are always projects which remain to be financed or to be paid for at the last minute, the government loosens the reins on the currency in circulation a little, and this exerts pressure on demand and prices.

With a cumulative figure for four months in excess of 13 percent, there remains the hope that during the second half of the year, the greater supply of foodstuffs will help to reduce the rate, so that it will be possible to end the year with 26 percent. However, it seems unlikely that in eight months the adjustments will fail to exceed 1.5 percent per month.

If this does not happen, and if the manufacturing sector does not help, it will be better to forget altogether that the cost of living averaged 11 percent in the 1960s and less than 20 percent in the 1970s.

* Drop in Unemployment Rate Discussed

90SM0102B Bogota EL TIEMPO in Spanish 18 Apr 90 p 8A

[Article by EL TIEMPO editor Luis Alberto Lopera]

[Text] Between September 1986, when the government of President Virgilio Barco took office, and last March, about 390,000 new jobs were created in the country's four leading cities.

According to the home surveys made by the National Administrative Department of Statistics (DANE) in the 42 months this government has been in office, the number of employed persons in Bogota, Medellin, Cali, and Barranquilla increased from 2.9 million to 3.3 million.

However, the number of unemployed persons has not been greatly reduced as some, including the government itself, had hoped. In September of 1986, the so-called "army of the unemployed" came to a total of about 440,000 persons, while by March of this year the number had dropped to 348,000. During this period, some 92,000 persons found work.

Although these absolute figures do not mean much to some people, they do explain in part why, thus far in the current administrative term, unemployment declined from 13.2 percent in September of 1986 to 9.6 percent in the first quarter of this year.

But still more important is the fact that the development of the unemployment levels has begun to remove the justification for the arguments of the Chenery Mission, which decided that greater economic growth and the generation of jobs were necessary in order to reduce the high rates seen in the mid-1980s.

Jobs in Bogota

The largest number of new jobs were created in Bogota, and its population volume was not the only reason. It was also because the concentration of the country's economic activity there is becoming greater with every passing day.

Of the almost 390,000 new jobs, 186,000 were created in the capital. In other words, it garnered 47 percent of them.

What is indeed notable is the fact that the capital saw a greater decline in the number of unemployed than did the other cities. Of the 92,000 of these people who found work, 70,000 were in Bogota.

Curiously, and contrary to what has happened in other eras, Cali saw greater benefit than did Medellin, which is regarded as the second most important city in terms of economic activity.

In the capital of Valle, slightly more than 90,000 new jobs were created in the 42-month period, while the figure for Medellin was 71,000.

The explanation may lie in part in the lower level of economic activity because of the difficulties in the realm of public law and order Antioquia has had in recent years.

However, in terms of reduced unemployment, Medellin did better than Cali. In Medellin, there was a reduction of 10,000, while in Cali there was an increase of 868.

The development in the fourth city, Barranquilla, was satisfactory. About 42,000 new jobs were created, and its unemployed work force was reduced by more than 13,000 persons.

The figures on unemployment reduction improve when those for the three medium-size cities are taken into account. In Bucaramanga, Pasto, and Manizales, slightly more than 38,000 jobs have been created since September 1986, while the ranks of the unemployed have been reduced by 17,000 persons.

The Chenery Mission

The first conclusion derived from a study of the figures is that the study projections of the Chenery Mission, which the preceding government hired to recommend measures to reduce unemployment, were wrong.

In its work, this group estimated that to reduce the rate to a "manageable" eight percent in the early 1990s, Colombia needed greater growth and more job sources.

The figures show a lack of synchronization with the reality. According to the study, the gross domestic product would have to increase at six percent per year, and 440,000 additional jobs would have to be created every year.

But these levels were not achieved. Economic growth came to about five percent in 1986 and 1987, and in the two following years, it dropped to the 3.7- and 3.2-percent levels.

The margin of error was even greater with regard to the creation of new jobs. According to the Chenery Mission, it should have been necessary to create 1.5 million jobs in the 42-month period, while the actual figure came to less than a third of this number. The group recommended an average of 36,000 per month, while only slightly more than 9,000 jobs were in fact created.

How can it be, then, that unemployment was reduced to 8.9 percent in December? According to some analysts, the Chenery Mission assumed a high population growth rate, which distorted the other indicators. In addition, the method used for measuring employment was such that in some cases, the economic growth factor did not have very much effect on employment.

It suffices to note, for example, that in the four leading cities, the total population increase was 1.87 percent per year in March of 1986, while it had dropped to 1.5 percent by March of 1990.

The Inactive Population

Apparently, unemployment is more or less under control. Or at least it has not returned to the worrisome level seen in the middle of the decade (up to 15 percent). However, it must be remembered that the level was no higher than it was only because the number of individuals of working age who are included in the "inactive" population not only remains high, but has actually increased.

The term "inactive" does not mean individuals who do nothing, but rather those who are not paid, such as, for example, mothers and sons and daughters who help with domestic work or work in the private businesses with their parents, but do not receive wages.

At the end of March, there were 8.4 million inhabitants in the four large cities, of whom 2.6 million were "inactive." During the period in question, this figure increased by 25,000.

But there is another figure which may cast some light on the matter. The population which is not yet of working age (under 12) increased by a little over 110,000 persons in this same period.

Ecuador

Malmierca Arrives, Comments on Socialism

PA2106004390 Quito Radio Quito in Spanish 2306 GMT 20 Jun 90

[Text] Cuban Foreign Minister Isidoro Malmierca said today upon his arrival in Quito that Cuba will not give up socialism to go back to capitalism. He added that the Cuban people will fight anyone who ignores their determination.

Upon beginning an official visit to Ecuador, Malmierca told the press that the changes the Cuban people want are to perfect socialism.

[Begin Malmierca recording] The changes that have taken place are generally viewed as negative. They are viewed as backward changes. They are viewed as an abandonment of the socialist positions in a shift toward capitalist positions. These changes will not take place in Cuba.

Five years ago we launched a rectification process to correct mistakes and negative trends. We tried to perfect socialism to allow the people greater participation in running the government. We tried to make the institutions more efficient.

However, the changes wanted and being applied by the Cuban people are changes to perfect socialism. [end recording]

The Cuban foreign minister added that the Cuban people are ready to defend their rights, not only against the imperialist enemies, but also against anyone who ignores their determination.

The Cuban foreign minister, on a tour of various Latin American countries, said that this kind of visit strengthens the bilateral relations between both countries.

[Begin Malmierca recording] We are really very happy to begin an official visit to Ecuador today. The visit had to be postponed for some time, but today we have begun. [end recording]

Paraguay

National Teachers Strike Scheduled for 2 July

PY2006222990 Asuncion HOY in Spanish 20 Jun 90 p 19

[Excerpts] Referring to the determination of the teachers to implement measures that seek to improve their work conditions, Juan Gabriel Espinola, secretary general of the Education Workers Organization [Organizacion de Trabajadores de la Educacion] [OTEP], has reported that the National Coordinating Board of Teachers [Coordinadora Nacional de Educadores] [CNE] has decided to carry out a national teachers strike on 2 July 1990. [passage omitted]

"The strike," he added, " will be active, in other words the teachers will turn up to work, but no classes will be held. We have exhausted all alternatives and we have decided to implement this measure because we need to be heard once and for all. [passage omitted]

Japan Grants Loan for Airport Construction

PY2006214190 Asuncion EL DIARIO in Spanish 20 Jun 90 p 20

[Text] The Japanese Government has approved a new schedule and changes in the original project to build an airport in the east [on the border with Brazil]. In order to cover the cost it has also authorized a disbursement of up to 464 million yen (approximately $3 million), which will speed up the civil engineering and architectural works. Jose Zacarias Orue, chief of the General Directorate of Public Works of the MOPC [Public Works and Communications Ministry], has indicated that the construction, equipping, and commissioning of the airport, which is located in the jurisdiction of Yguazu Colony and approximately 30 km from the capital of Alto Parana Department, will be concluded by August 1992 at a total cost of $75 million.

Zacarias added that the civil engineering and architectural works have advanced by 15 percent under a Paraguayan contractor, Enrique Diaz Benza Constructions, which has taken charge of the entire work contract that had originally been awarded to the consortium made up of the Spanish firm Entrecanales y Tavora and Enrique Diaz Benza. As of today the work will speed up following

the approval by Japan of the reprogramming with the consequent reduction of the project that was decided by the government, in that the cost of the airport has been reduced by $25 million when compared with the original project.

On 19 June there was a ceremony at the Foreign Ministry during which notes were signed and exchanged that provided for the modifications to the notes that were signed on 18 June 1980 between the governments of Paraguay and Japan pertaining to the construction of this international airport. Justice and Labor Minister Alexis Frutos Vaesken, who is the acting foreign minister, signed on behalf of the national government, and Hiroshi Funakoshi, acting charge d'affaires, signed on behalf of the Japanese Government. General Porfirio Pereira Ruiz Diaz, MOPC minister, and Funakoshi highlighted the agreement that comes within the framework of Japanese economic aid to our country.

Coverage of Andres Rodriguez Visit to Taiwan

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For Taiwan media coverage of the visit of President Andres Rodriguez to Taiwan, please see the Taiwan section of the 21 June and subsequent issues of the China DAILY REPORT.

Peru

President-Elect Fujimori Interviewed on Platform

PY2006192090 Lima LA REPUBLICA in Spanish 13 Jun 90 pp 11-15

["Exclusive" interview with President-elect Alberto Fujimori by Mariella Balbi in Lima; date not given]

[Text] [Balbi] Engineer Fujimori, in all sincerity, did you ever think you could lose in the second election round?

[Fujimori] In all sincerity, no. I was completely sure that we would win. I did not need to conduct polls or guide myself by survey results. After a meeting I would tell my assistants: "I will obtain 60 percent of the votes in this department." Generally, I was not mistaken. Do you know why? Because when one talks with the people you can sense whether you are popular or not...

[Balbi] Haven't you ever doubted, didn't you think that....

[Fujimori] Never. When I registered my presidential slate I was determined to win the election for president of the Republic.

[Balbi] Before organizing your movement, you had been a social democrat, a social Christian, and a populist. For example, who did you vote for in the 1980 and 1985 elections?

[Fujimori] For Belaunde and Alan Garcia, respectively. I felt that I belonged to a center position. I am a combination of a university professor, an independent, and I also feel that I am a businessman because I have also managed businesses, but I have always done so with deep social interest. The public has sensed this combination in me. If analysts read our government plan, they will place me in a center position.

[Balbi] Although you have not yet been installed, you already have an opposition. Do you think you will manage to reach agreement with all sectors?

[Fujimori] I hope to reach an agreement with most of them. What government doesn't have an opposition? However, I also have the people's broad support, as has never before happened in Peruvian history. This is very important because the opposition could be opposing the people.

[Balbi] Is it possible to satisfy the expectations of all sectors?

[Fujimori] There are points in common that can be satisfied. Agreement between the left and right is possible in areas such as the foreign debt, agrarian development, support for small enterprise, and black market economy, as well as pacification....

[Balbi] Miguel Cruchaga, from Libertad [organization not further identified], has said that they can agree on how to control inflation and attain national pacification....

[Fujimori] We agree on that, and I think that all parties do. It is very easy to reach an agreement on pacification. There could be different views on the economic program, but the objective is the same. Perhaps we may differ on how to apply it, but I am sure that even on this aspect, the opinion of the majority will be respected.

[Balbi] Some of your opponents say that it is very difficult to reach an agreement with you because they do not know your proposals.

[Fujimori] That is not true. It was part of our campaign to say that we did not have a plan, although it exists and is perfectly well known even as to details....

[Balbi] Alberto Borea, from the PPC [Popular Christian Party], and Rafael Villegas, from Libertad, say they do not know your proposals.

[Fujimori] Then we will send them a copy of our program because they may not have received it. However, we already published and disseminated it.

[Balbi] Will you invite Fredemo [Democratic Front] to help prepare your economic program?

[Fujimori] We will invite all productive sectors and political parties, including Fredemo. We will explain our program and will listen to all suggestions. The result of this will be the final program. The issue is not to have a

government program and impose it afterwards. Neither Fredemo nor we have the majority. It is necessary to reach an agreement.

[Balbi] Have you already talked with some Fredemo leaders?

[Fujimori] Not really.

[Balbi] When do you intend to do so?

[Fujimori] As soon as possible. Tomorrow or the day after tomorrow, at the most, I will contact them. I have many friends in Fredemo.

[Balbi] Who do you think is more interested in reaching an agreement?

[Fujimori] Mario Roggero, for example, with whom I spoke after the first election round. Richard Amiel, from the PPC. But there are many more people with whom we can talk.

[Balbi] How would you describe Fredemo?

[Fujimori] It is a rightist front allied with parties that have already been in government that was born out of circumstance. It is a renewed right with neoliberal ideas.

[Balbi] Will your cabinet include Fredemo members?

[Fujimori] I would like to have a real multiparty cabinet, preferably made up of experts....

[Balbi] Experts who represent a party?

[Fujimori] Not necessarily. There does not have to be either a leftist or a Fredemo member, but they must represent a group. The important thing is their professional ability and unquestionable conduct....

[Balbi] But it is also important that they represent a party because otherwise the parties' commitment to the government could be weakened.

[Fujimori] Well, those details should be discussed eventually. I am willing to be as open as possible.

[Balbi] It is said that last 8 April, people voted against the APRA [American Popular Revolutionary Alliance] and the left. Isn't Fredemo your natural ally, then?

[Fujimori] I am not really thinking of alliances, but rather the unity of all political and productive forces.

[Balbi] Do you know that that is a very pretty phrase?

[Fujimori] You mean an illusion?

[Balbi] Perhaps....

[Fujimori] Perhaps it was an illusion up to last 9 June, but I expect to make it come true; of course, not by 100 percent, but I think it is feasible. There have been similar experiences in other countries.

[Balbi] What do you fear most about this national agreement you are sponsoring?

[Fujimori] I must confess that I never fear anything.

[Balbi] Aren't you worried that someone could kick the game board?

[Fujimori] There are strategies for that. We know that politics are like a chess board....

[Balbi] Do you think so?

[Fujimori] The election race was like that and see, I was checked many times, but I was never checkmated. (laughs)

[Balbi] You have been charged with proposing to continue the APRA government's policies. Now that the electoral process is over, what do you think of the current government, of these five years?

[Fujimori] Economically, it was chaotic and disorganized. APRA is responsible for the current crisis.

[Balbi] In your opinion, where did APRA fail?

[Fujimori] I think its measures were inconsistent. It was confused and failed to take timely corrective measures. This led the country into this downturn.

[Balbi] Should the effort at moralization have been stricter?

[Fujimori] Well, the effort at moralization was not strict under any government. Remember the 1980's. The acquisition of some ships comes to my memory. But let's not dig into this matter. Investigation processes have also been discontinued. This has been one of the administrations' serious defects. They have not carried their fight against corruption all the way. Proof of this is that the comptroller has difficulties enforcing sentences.

[Balbi] Do you have the impression that this government paid less attention to moralization than the 1980-85 government?

[Fujimori] I think both have been the same.

[Balbi] What has been the worst mistake of the APRA government?

[Fujimori] The nationalization of the banks. There the rupture began and an agreement could not be reached. The difference deepened and the business sector lost confidence.

[Balbi] At that time, were you in favor or against that measure?

[Fujimori] I was against the nationalization....

[Balbi] And you went to the meeting at the San Matin Square called by Vargas Llosa?

[Fujimori] In fact, I did not.

[Balbi] Dr. Bedoya Reyes [of the PPC] has contended that APRA might turn out to be the godmother of Change 90.

[Fujimori] That a relationship between APRA and Change 90 exists is mere speculation. Our movement is authentically independent. I will defend its independence, precisely because the people voted for this independence. And I will not disappoint them.

[Balbi] Since APRA and the left have voted for you, it is expected that you will return their favors.

[Fujimori] We have not made any pact with those groups. They gave me their votes without conditions.

[Balbi] Could your government become a coalition of APRA, the left, and Change 90?

[Fujimori] It will be a cogovernment with all the parties. We do not believe that an all-parties alliance will be necessary. Only agreements on key issues are necessary—on pacification of the country, economic programs, support for small industries, agricultural development, and the foreign debt. We can work out agreements on these issues quickly.

[Balbi] How can agreements be reached, engineer? I have heard of agreements before. It was the political banner of Barrantes.

[Fujimori] Points in common can be found by comparing the platforms of each political group. I have found that proposals on the issues I have just mentioned are similar, and so, I don't see that agreements can be very difficult for each. We will make agreements on specific points and the mechanisms for implementation will be studied with the political and productive forces. Who would not agree in struggling against structural violence?

[Balbi] Many do not share that idea, Engineer.

[Fujimori] Who would not agree with the idea that in addition to their military activities, the Armed Forces should engage in projects for the benefit of the people in the area of health, education, and road construction? I believe that there won't be disagreement on this, and that there will be agreement on the long-term nature of these projects.

[Balbi] When the topic of gas in Camisea was discussed, we had a Tower of Babel. No agreement was reached....

[Fujimori] But now everybody agrees that Cusco should have an important, priority participation. Since gas is abundant there, it can also be made available to other consumers outside Cusco. Everybody agrees on this. There have been objections to the contract with Shell, to the form of the contract. It should not be necessary to seek agreements on a matter of form. We would sign a contract calling for bids, thereby satisfying the expectations.

[Balbi] Engineer, 7,000-9,000 people at least are needed to manage the state apparatus. Change 90 does not have that number of people. What would you do to appoint subprefects, directors, etc?

[Fujimori] The country has a good number of technicians and professionals, all capable people who in some instances live in the respective regions and have not been involved in politics. Why not call for a competition to choose the best people? Change 90 does have the main cadre.

[Balbi] It is feared that APRA could sneak in or could stay and that the moralization will fail.

[Fujimori] We will be very careful on this. We have a good "intelligence service," so to say, one that will alert us.

[Balbi] Since Change 90 is such a heterogeneous movement, don't you wind up making decisions all by yourself?

[Fujimori] It has to be this way for the time being until we consolidate our party organization. However, it is already shaping up. Except for a very small group of assistants, I have conducted the campaign all by myself....

[Balbi] Change 90 did not get involved for this reason?

[Fujimori] No. I was supported by our committees' grassroots. Our strategy indeed was implemented by just a few people. Of course, this was circumstantial. We are forming our team and our economic team is very good.

[Balbi] Isn't there a danger that you will wind up being authoritarian, self-centered, one who does not delegate? This is something attributed to the current president....

[Fujimori] I have administrative experience. Of course, on a minor scale. And I have always sought to delegate duties. I have also done this during this political experience.

[Balbi] If you become authoritarian, would you ask for criticism?

[Fujimori] Yes, I am willing to do that. Criticism will be welcome.

[Balbi] Tell me something. Can the proposal of making recession-free adjustments be modified in the course of broad consensus agreements or is this a mainstay of your program?

[Fujimori] I believe we agree on this....

[Balbi] Fredemo disagrees with this.

[Fujimori] Fredemo moderated its position on the second round when it proposed softer adjustments.

[Balbi] But can this proposal be changed?

[Fujimori] It could be improved. Our proposal is that there should not be any recession.

[Balbi] Will you levy an emergency tax at the beginning of your term of office?

[Fujimori] That's right.

[Balbi] Do you already know how it will be levied?

[Fujimori] We can talk with Fredemo people on this as they have also proposed such a tax.

[Balbi] Will the foreign exchange be deregulated?

[Fujimori] We leave the monetary and foreign exchange policy entirely to the Central Reserve Bank, which is autonomous.

[Balbi] Will the price of gasoline and the utility rates be realistic?

[Fujimori] Yes. The utility rates are actually unbalanced. We must regain the balance in these relative prices. We will not subsidize gasoline.

[Balbi] Will you remove all subsidies, then?

[Fujimori] At least the subsidies on food imports. This will be one of our first measures.

[Balbi] What will you do to protect salaries? Will you index them?

[Fujimori] In this regard, we will outline a labor policy. This policy will not include the indexation of salaries, but their defense indeed. We will try to defend real salaries.

[Balbi] You have said that small industries will be a central sector....

[Fujimori] There are four sectors: the small and large mining sector and the fishing sector because they are productive sectors that generate foreign exchange and do not provoke inflationary pressures. Then, the agricultural sector because it saves foreign exchange. And, in the fourth place, small and medium-size industries and the informal economy because they create employment.

[Balbi] My question was this: What will be the policy for large and medium-size enterprises?

[Fujimori] To guarantee investments and the profitability of these enterprises. They will get what they have always asked for: clear and fixed rules.

[Balbi] Do you mean foreign exchange rates, interest rates?

[Fujimori] We will defend the principle of profitability. This has always been one of my banners, even for the Alto Huallaga area. One of our proposals in the agricultural sector involves the modernization of the markets because they are almost nonexistent in the rural areas.

[Balbi] Have you talked to the business sectors, such as Confiep [National Confederation of Private Business], SNI [National Association of Industries], and ADEX [Exporters Association]?

[Fujimori] No, but we are contacting them.

[Balbi] Have these business sectors been receptive?

[Fujimori] I have the impression that they actually are not acquainted with our proposals. After we talk, however, they will confirm that our proposal for industrial development is much more consistent and positive then the Fredemo proposal. For example, we will maintain a temporary tax shelter that will be gradually reduced. However, the markets will not be totally opened. I am sure that the big impresarios will agree on this. Look here, one of the concepts that I want to convey clearly is that the economic principles of profitability and markets will be fully respected. Do not forget that at one time I was also an impresario.

[Balbi] You have announced that you will make a long tour. When are you leaving and how long will it take?

[Fujimori] I will leave in late June and the tour should take about 12 or 15 days.

[Balbi] Will you pass around the hat, as the people usually say?

[Fujimori] I have three goals: one, to show the world our decision to regularize our situation with the international financial community, especially with the international organizations; two, to clarify that we are not a country that cannot be visited and that we are not experiencing total chaos. As you can see for yourself, Cusco can be visited and the subversion is only restricted to certain areas. Tourism is working and it will be one of our strong points to reactivate the economy, especially considering that there are facilities. The third goal of my tour is to make known our economic proposals, our development program, and our financial needs.

[Balbi] Will you talk with Michel Camdessus at the IMF?

[Fujimori] No. Undoubtedly, I will talk with the people at decision-making levels [sentence as published]. I want to make known my government's political position.

[Balbi] Who will accompany you?

[Fujimori] Guillermo Runciman and Oscar Ugarteche, probably. They belong to our foreign debt committee.

[Balbi] And who will remain in charge of the domestic front?

[Fujimori] There will be a committee that will work on that. I still cannot give you names.

[Balbi] Is your plan of joining the international financial community in keeping with that of Fredemo?

[Fujimori] I think that it is in keeping with that of all the political groups. This means renegotiating the foreign debt, meeting our commitments, and honoring the debts contracted by Peru.

[Balbi] A group of municipal cleaners gathered in front of this building yesterday and asked you to mediate between them and Lima Mayor Belmont. Aren't you worried that many sectors are making demands on you which you cannot meet?

[Fujimori] Regarding the case of the cleaners, I would like to use this interview as an opportunity to tell Mayor Belmont to adopt the appropriate measures. The law is on the workers' side in this conflict. Now as for your question, I can tell you that we will deal with the problems on realistic terms, and the truth will always be clearly stated.

[Balbi] Let us talk about pacification. Will you see to the punishment of those members of the forces of order who committed excesses in the anti-subversive war?

[Fujimori] I will faithfully comply with the law and the Constitution. That is all I have to say.

[Balbi] Before the emergency zones attain development, social tension must first diminish....

[Fujimori] This election has diminished the social tension. Imagine, we obtained 70 percent of the votes in Ayacucho. We gathered the largest political support there in history. The people took an important step there, they lost their fear. I will make state presence permanent in those zones. The election results have meant a terrible setback for subversion.

[Balbi] All right, but how can you carry out works if subversion is always ready to destroy?

[Fujimori] Look, terrorism is harmed by a united civilian society which we must help through military and development actions by the Armed Forces.

[Balbi] Will you oppose the presence of U.S. military advisers to help in the war against drug trafficking?

[Fujimori] There is an agreement with the United States for approximately $35 million worth of military aid....

[Balbi] Will you sign it?

[Fujimori] I do not agree with the arrival of military advisers in Peru, much less do I agree with their active and direct participation in armed actions. The agreement must be revised before it is signed. However, there has also been a confusion because the United States also offered assistance for training with modern military equipment. This latter offer is very important.

[Balbi] Is the U.S. economic aid for our country to fight drug trafficking enough?

[Fujimori] No. It is totally insufficient. I have said so to the U.S. ambassador during a conversation.

[Balbi] Will you insist that it increase?

[Fujimori] Yes. So far, U.S. help has been for repression, and I do not think repression is the only way to combat drug trafficking. The economic forces must be allowed to act in that zone. The extraordinary favorable conditions of the soil in the Alto Huallaga region could make legal agricultural production there more profitable than coca production.

[Balbi] Engineer, you said you will carry out a moralization campaign. Will it be until the last consequences?

[Fujimori] Of course. That is one of the main objectives of my administration.

[Balbi] Senator Diez Canseco has said that he will propose to hold preliminary hearings for an impeachment process against President Alan Garcia. Do you think it is necessary?

[Fujimori] Anything that is legal and valid for the Constitution will be supported.

[Balbi] Be it for any citizen or for the president?

[Fujimori] Anyone.

[Balbi] Will you clarify the sale of your properties and the purchase of your farm plot before 28 July?

[Fujimori] That has been clarified with the aid of persistent journalists. For example, the latest issue, the farm plot. I obtained it through a transfer, through a private purchase contract from a man who was awarded that piece of land through the Agrarian Reform program. He made some improvements on the plot so we signed a contract. However, this kind of transaction has its limitations, since this plot is not part of a free land market. It is restricted to agriculture experts and it is under control. The award of this land is free according to the law.

[Balbi] But you signed a purchase contract....

[Fujimori] I signed it with a third party, and it must be registered by the Agrarian Reform program, and that is what happened. It has been a direct transaction, although it may also be indirect. Everyone in the area knows that my mother used to go to the place when I could not go. She is a farmer and an expert in tangerine plantations. Everything is legal.

[Balbi] For that reason, wouldn't it be better if before 28 July you directly explained to the citizenry this issue to clarify any doubts?

[Fujimori] Maybe. You see, I did not want to go deeper into the subject because the charges were made with the objective of slandering me, and if I answered it would have been a never-ending story. I think this issue can be completely clarified through a communique.

[Balbi] Since Carmela Polo, Madam Carmell, has a record as a drug trafficker, wasn't her inclusion on the Change 90 list a mistake?

[Fujimori] It was. I have made the self-criticism. This is one of democracy's defects when one delegates responsibility. I will be more careful in this regard. I will delegate responsibility, but will remain vigilant.

[Balbi] What's your opinion on Fernando Olivera? Would you have him as an opponent or as an ally?

[Fujimori] The opposition does not worry me. I do not have much information on his intention to moralize. I would like to know more about it and about the conclusions he reached during all this time, not only during the electoral process but during his congressional tenure. I would like to know about any concrete results of his moralization campaign. A moralization campaign is effective only if it produces concrete results.

[Balbi] Will you talk again with Vargas Llosa? Will you call him back or do you not consider it to be necessary?

[Fujimori] I am very willing. We have talked on previous occasions, after the first round, and he offered me his support....

[Balbi] Will you call him...?

[Fujimori] I am sure that this will happen in a very natural way.

[Balbi] Will you ask him to continue participating in Peruvian politics?

[Fujimori] I believe that is a very personal decision; he will have to make it by himself.

[Balbi] Why do you think Vargas Llosa lost?

[Fujimori] I would rather tell you why I won, and you can make your own conclusions why he lost. I won because the people, the forgotten sector of the population, were identified with my candidacy. The political parties have not taken into account the street peddlers, the marginal people, the small industrialists. My campaign targeted these groups. This identification was sealed when Fredemo embarked on a campaign of attack against me. The people perceived that campaign as an attack on themselves, because that sector of the population has always felt set aside, oppressed, and attacked.

[Balbi] To be objective, I have to say that you also attacked.

[Fujimori] The difference is that my attacks were not personal; they were meant to question. For instance, the Fredemo campaign expenses....

[Balbi] Engineer, you said that Vargas Llosa had tried drugs....

[Fujimori] That is a fact....

[Balbi] You know that he was never a drug addict. It was a matter of youth curiosity. You dealt him a karate chop....

[Fujimori] But I was generous, asking him for explanations. I did not accuse him.

[Balbi] Tell me, will you invite Hernando de Soto to participate in your government?

[Fujimori] I will, not only because he is Hernando de Soto, but because he is connected with the Freedom and Democracy Institute [ILD]. I believe they have interesting proposals, particularly regarding the informal sector in which I am very interested.

[Balbi] Will your government continue with the standing contract with ILD?

[Fujimori] I have to review it. I have heard comments on sums of dollars in this contract. I would like to see this. The ideas look excellent to me.

[Balbi] Have you talked with De Soto?

[Fujimori] I have, on three occasions.

[Balbi] Is he willing to cooperate with you?

[Fujimori] He has told me that there are points of coincidence between the proposals of ILD and Change 90. In fact, I saw him excited.

[Balbi] In less than three months you became the president of Peru....

[Fujimori] Does it seem incredible to you? (smiles).

[Balbi] Not only to me, but your own adversaries feel very annoyed by this fact.

[Fujimori] Well, it will be overcome soon.

[Balbi] Some say that you won the elections because you know the weaknesses of your adversary very well. Is that correct?

[Balbi] I don't mean to sound boastful, but I think I have a political intuition, and I have demonstrated it. I do not want to sound arrogant, but in fact I have a set of virtues. I plan everything very well, and if you want, you can say that I am a good calculator, in addition to my intuition. Moreover, I quickly perceive the circumstances, the situations, and I move within them very quickly as very few can imagine. I have very quick reactions (smiles).

[Balbi] Are you a "super lightweight" as they say?

[Fujimori] Well, if you want to put it that way, yes. It is a virtue that very few can perceive or notice, because, as my friends tell me, I am very inscrutable. Of course everything I am saying has to do with the interests of the people, and about this I am very sincere.

[Balbi] Then it is true that you perceive very quickly the weaknesses of your adversaries.

[Fujimori] I assure you very frankly, that I perceive them immediately.

[Balbi] Now that we are talking about it, what is your best virtue?

[Fujimori] I think I am a very disciplined man, very methodical, and very tidy. I think that is a great advantage because I can thus multiply the available time.

[Balbi] And what is your worst defect?

[Fujimori] Ha, ha, ha. I laugh because I have been asking my friends and perhaps because of friendship, they did not want to tell me.

[Balbi] If you stand up before a mirror....

[Fujimori] I looked at the mirror once and I asked myself who would be the president, and the answer was: you, you, you (smiles).

[Balbi] Did you ever think that one of your defects could be that you tend to be authoritarian or obstinate?

[Fujimori] When I set a noble objective, and in this case a political one, of serving the country, I can assure you that I am very obsessive.

[Balbi] At the Agricultural University people used to say that when you set something in your mind you had to do it no matter what.

[Fujimori] Ha, ha, ha. That happened only when the problem had been thoroughly assessed and agreed upon previously. That means that the objective was good....

[Balbi] Are you trying to tell me that you have no defects, engineer? Am I facing an angel?

[Fujimori] Surely you will find those defects some day (laughs).

[Balbi] Whom do you consider to be your right-hand man?

[Fujimori] I did not have one during this campaign....

[Balbi] But someone must enjoy your total confidence.

[Fujimori] I have always worked with a group of people. I have not trusted aspects of my electoral strategy to anyone.

[Balbi] Why?

[Fujimori] Not because of distrust, but because they are inexperienced people who do not understand political administration. I do not have much experience either, but I have a little more, at least.

[Balbi] You do not conceal the political inexperience of your movement....

[Fujimori] No. We have no experience. Surely there is a need to politically train our representatives. I am aware of that. I can personally say so.

[Balbi] I was asked to ask you the following question: Which team do you think will win the World Soccer Cup?

[Fujimori] The truth is that I have forgotten the World Soccer Cup because of the elections. I cannot make a prediction.

[Balbi] Which country would you like to be the winner?

[Fujimori] I hope it will be a South American country. I would like Brazil to be the winner.

President-Elect Comments on Links With Chile

PY2006215290 Santiago EL MERCURIO in Spanish 12 Jun 90 pp A1, A15

[Report by special correspondent Mario Valle]

[Excerpts] Lima—Peruvian President-elect Alberto Fujimori said yesterday that his government will "maintain good relations" with Chile and that his interest is to strengthen those relations. In an interview with EL MERCURIO he said that he admires Chile and that common interests should be developed for the benefit of the two countries. [passage omitted]

Fujimori said: "I would like to tell the Chilean people and President Aylwin that I would like to see our relations become a real Peruvian-Chilean union in order to think not only about the Andean Pact but about a great Latin American bloc."

Fujimori praised the steps taken by Chile to strengthen its links with the countries of the Pacific. He said that his government also hopes to strengthen those links. He added: "I hope that step will be beneficial for Peru and Chile."

Asked if it would be possible to implement the Chilean economic model in Peru, Fujimori said: "I do not believe that any of the economic programs implemented in Latin American can be applied in Peru. You know the great problems we are facing, our condition is different. Those economic programs cannot be applied here because of the level of education and the unemployment and inflation rates. In this regard we have our own program."

Regarding the measures to be implemented in the links with Chile, Fujimori said that mutual relations should be improved by taking important steps to open the borders. He said: "We should forget the events of the past because they do not help in any way our economic and cultural relations."

Regarding the projects approved in the 1929 treaty which are still pending, he said that he was not familiar with the details of the treaty but that he believes that the treaty should be honored.

Fujimori added that he would like to meet with President Patricio Aylwin very soon to discuss ways for strengthening relations between the two countries. [passage omitted]

4 Bodies Found in Grave in Former Barracks

PY2006150090 Madrid EFE in Spanish 1838 GMT 19 Jun 90

[Text] Ayacucho (Peru), 19 Jun (EFE)—Court officers from the Peruvian department of Ayacucho are trying to identify four bodies that were found on 17 June in a clandestine grave located in an old Marine barracks.

Prosecutor Mario Almonaci has said that the bodies—all of them of young men—show signs of torture, have their mouths filled with paper, and were shot in the neck.

Almonaci said that the clandestine grave is located in Huamanguilla District, near Huanta Province (68 km east of the city of Ayacucho), where the Marines had their general barracks until last year.

Several Army and Navy officers are being tried by military courts for their alleged involvement in the deaths of detainees whose remains have been found in clandestine graves.

Elsewhere, on Monday military sources reported the killing of 15 alleged terrorists in skirmishes with soldiers in the town of Marco, Ayacucho Department, and in Cotay, Huancavelica Department (600 km southeast of Lima).

A military communique indicated that the skirmishes took place last Friday and Saturday and that the soldiers seized firearms, military grenades, homemade explosives, and Shining Path propaganda.

In Ayacucho today, several commissions from groups championing human rights continued to inquire at military barracks and police stations about the whereabouts of Guadalupe Ccalloccunto Olano, who, according to her relatives, was abducted on 10 June by about 15 hooded individuals who took her away in a military vehicle.

Ccalloccunto, whose husband, Professor Alberto Quispe, disappeared in 1983 after he was arrested by military men, is well-known for her reports on missing detainees.

In 1985, Ccalloccunto discovered and reported the so-called "Green House," where the Ayacucho detainees were tortured.

Police Arrest 11 Terrorists, Seize Weapons

PY2006200790 Lima LA REPUBLICA in Spanish 16 Jun 90 p 23

[Excerpts] Specialized personnel of the Technical Police have arrested alleged members of the Shining Path terrorist organization and of the Tupac Amaru Revolutionary Movement in Lima and in Norte Chico zone. These terrorists planned to carry out another wave of terror following the 10 June presidential elections.

The police also seized weapons, grenades, dynamite sticks, safety fuses, make-shift printing equipment, and lot of subversive leaflets urging the people to abstain from voting in the presidential elections or to cast blank votes.

Most of the terrorists belong to the Shining Path terrorist organization, and the group were planning to kill industrialists from factories located in the Cercado zone, to destroy high-tension pylons, and to kidnap and murder Huacho Provincial Mayor Juan Diaz La Rosa who is a Fredemo [Democratic Front] supporter. [passage omitted]

The police force of the city of Huacho, in the Norte Chico zone of Huaura, have almost completely dismantled the so-called "base force" or "militia" of the "Popular Guerrilla Army" ["Ejercito Guerrillero Popular"] that belongs to the "Shining Path Communist Party of Peru" [Partido Comunista del Peru Sendero Luminoso"].

The operations were carried out on the night of 7 June, shortly after a blackout that was caused by the bombing of high-tension pylons. [passage omitted]

In the southern sector of Lima (Villa El Salvador), General Police personnel on 3 June arrested several terrorists who were erecting barricades and perpetrating an attack on a branch of the Wiese Bank.

During this operation the police arrested Jose Luis Ticona Mamani, 20, and Milton Vicente Cortez Zevallos, 26, who was carrying a home-made bomb. The police also found hand-written notes, pamphlets, and propaganda with slogans on the "Shining Path Communist Party of Peru" in the terrorists' houses. It has been determined that the terrorists are students of the San Marcos National University.

Central Reserve Bank Head Speaks on Holdings

PY2006223290 Lima Television Peruana in Spanish 1100 GMT 20 Jun 90

[Text] Peruvian Central Reserve Bank President Carlos Capunay has visited President-elect Alberto Fujimori at the Crillon Hotel. After the meeting, he reported that the Central Reserve Bank's foreign reserves currently amount to $900 million. He also revealed that money issued without sufficient backing amounts to 6 billion intis per month, which is being used to cover the National Treasury deficit.

[Begin recording] [Capunay] First of all I have come to greet and congratulate the president-elect, for the executive board of the Central Reserve Bank and myself.

[Unidentified reporter] Have you reported to the president-elect the foreign reserves of the Central Reserve Bank?

[Capunay] Yes, we talked about the net and gross foreign reserves.

[Reporter] How much is there?

[Capunay] There is about $900 million in the foreign reserve.

[Reporter] But it is said that [words indistinct].

[Capunay] No sir, we have nearly $400 million in gold [words indistinct] of a gold that can be sold in 24 or 48 hours on the international market. Then we have about ("$180) million worth of refined gold. Then we have ("$31) million worth of silver.

[Reporter] How much money is there?

[Capunay] The is about $25 ("billion) intis.

[Reporter] [Question indistinct]

[Capunay] What do you mean, in dollars? There must be about $130 million.

[Reporter] But there are many debts which must be paid.

[Capunay] Of course we have debts to pay, but many are long term debts, like with the IMF for example.

[Reporter] What is the real situation [words indistinct]?

[Capunay] The total foreign reserves are made up of reserves in metal and foreign currency.

[Reporter] Is that the money the next government will have available on 28 July?

[Capunay] Yes, that is the total of our foreign reserves.

[Reporter] Is that the money the next government can count upon? [passage indistinct] [end recording]

* Shining Path Organization Detailed

90P40062A Lima EL COMERCIO in Spanish 8 Jun 90 p A12

[Excerpt] Police discovered plans, reports of previous activities, assessments, and a series of reports on all activities of Sendero Luminoso [SL—Shining Path] in the country's urban areas, including assasinations, in an SL bunker in Monterrico among other raided houses last weekend.

Another important discovery is the entire SL organizational diagram at the national level, in which a new structure for this subversive group, functioning for a short time, is established.

According to the documents discovered, SL is led by a central committee headed by Abimael Guzman ("Comrade Gonzalo") and divided into the so-called Revolutionary Movement of the People's Defense (MRDP) and the Revolutionary Front of the People's Defense (FRDP).

The first is responsible for all terrorist activities in urban areas of the country, while the second is responsible exclusively for the rural areas.

The intervention of the Counterterrorism Directorate (Dircote) of the Technical Police permitted cracking the MRDP structure and capturing both high and midlevel members of its group.

The discovered items also establish that the Metropolitan Committee, the Support Groups and the Generated Groups make up the MRDP. Within the latter groups such as "People's Aid," the "Labor Movement for Classist Workers" (MOTC) and the "Neighborhood Movement" can be found.

In turn, the Support Group is made up of intelligence, finance, logistics and propaganda units.

Reliable police sources indicate the bulk of the detainees belong to these aforementioned levels. [passage omitted]

* Congressmen-Elect Call for National Consensus

90SM0113A Lima EXPRESO in Spanish 29 Apr 90 pp 5-6

[Round table discussion with congressmen-elect Manuel Ulloa, Oscar Trelles, Sandro Mariategui, Gaston Acurio, Felipe Osterling, Edmundo Murrugarra, and Raul Ferrero, by Jaime de Althaus; date and place not given; first four paragraphs are introduction]

[Excerpts] On Friday, EXPRESO decided to take the initiative and sponsor a round table with a pluralist group of prominent politicians, for the purpose of exchanging ideas and viewpoints with respect to the nation's political future. Citing the challenge posed by a country in a state of growing deterioration without a legislative majority, Manuel Ulloa, of AP [Popular Action], dwelt on the need for a national consensus. Agreement on this point was unanimous. Oscar Trelles, AP, asserted that the country has never been in such a situation, and Sandro Mariategui, AP, expressed the view that the results of the first round of the balloting were a mandate calling for a consensus. Gaston Acurio, AP, felt that development of this consensus should begin taking shape on 3 June, the day after the second round of the voting, and that its first objective should be to compel the government to halt the course of its current policy, which is leaving time bombs in the way of the next administration. Edmundo Murrugarra (IS) [Socialist Left] suggested that the electoral confrontation itself could serve as a means of bringing out points of consensus, but that, to this end, and as Raul Ferrero (Liberty) had also pointed out, the Change 90 candidate, Alberto Fujimori, must cooperate by starting to disclose his platform. Acurio sensed a danger that Fujimori could represent a continuation of Alan Garcia.

[passage omitted] Felipe Osterling, PPC [Popular Christian Party], focused on what he considers the two basic issues on which consensus is essential: pacification and

the economy. Murrugarra advocated the need for a consensus on economic austerity measures and the promoting of exports. Raul Ferrero stated that the Fredemo [Democratic Front] platform is aimed at the popular sectors, and Murrugarra expressed the view that the popular sectors that voted for Change 90 want a proper modernity, a free-market economy.

There was consensus also in the view that the first step toward a general agreement could consist of a demand that the outgoing government manage the economy responsibly with the intent of handing over a manageable situation to the next administration. Almost all, however, expressed skepticism. They believe that President Garcia is thinking only of his own political future and cares nothing about the country's.

EXPRESO hopes that this round table will become the first step of a combined effort on the part of all the national sectors to pull the country out of its present crisis and restore to it a secure and promising future. Hereunder, the participants' remarks:

MANUEL ULLOA— EXPRESO has been holding round tables on various issues of national concern. We believe it has now become necessary to talk about the country's situation with a group of political leaders. The country is disarrayed and confused, and this situation cannot be allowed to continue. Misguided government, violence, the social crisis, etc., are getting worse—a fact that is not alien to the results of the first round of the voting, attesting to the great expectations surrounding the person of Vargas Llosa, a writer who not only is a credit to Peru, Latin America, and the world but who has also made a sizable commitment to the country, staking his all in this alliance that has been formed, Fredemo. Unfortunately, we were unable to attain the majority we sought. Vargas Llosa did not receive the mandate he asked for. This was owing to various factors, a major one being the aggressiveness shown by the administration in doing all it could to confuse the message. President Garcia introduced unsettling factors aimed at sidelining Luis Alva Castro, strengthening his own leadership in the APRA [American Popular Revolutionary Alliance] [or Aprista] party, and taking advantage of the left-wing's split to capture some of its voters.

The fact is that Fredemo and the group that includes Mr. Fujimori captured more than 60 percent of the votes. This is important when one thinks of the future. Fredemo is made up mainly of the AP and PPC. These two parties made possible the obtaining of this margin, which, even though it is not as large as was hoped for, proves that they are still the country's two leading political parties, between which there is a long-standing relationship of mutual understanding and respect. Fredemo also includes the Liberty movement, which has captured an independent constituency and which has now become involved in policymaking through the Congress.

On the other hand, there has undoubtedly been a rejection of the president. I attribute the APRA vote, which was larger than expected, to political manipulation of the electoral process. I am not saying there was out-and-out fraud, but definitely a capacity for clever maneuver, from the president on down to the lowliest Aprista official. At any rate, the votes garnered by Fredemo, Change 90, and the left add up to a rejection, not just of APRA, but of the president, despite the fact that he was able, thanks to his Machiavellian conditions, to bury his rival within the party, Luis Alva Castro, and at the same time to damage Vargas Llosa, to the point where no candidate received the required majority of the votes in the first round of the balloting.

[passage omitted] Today more than ever, the country needs to see a way out. The winner of the second round, whoever that may be, will need a legislative majority in order to carry out its work. That majority will require, in one way or another, some sort of national consensus. Not only a social one between employees and employers as to prices and wages, but a political one with regard to reconciliation and national goals for agriculture, education, investment, etc. Moreover, there must be some kind of understanding and political dialogue to counteract the tendency toward a polarization that could set in with the second electoral round. I am worried about the possibility that the second round may further polarize Peruvian society and, like the first round, boil down to a petty and dirty campaign in which the real issues will not be discussed. This is the kind of thing I would like to talk about now. I'd like to know how you all feel about this.

EDMUNDO MURRUGARRA— We're lacking people here from APRA and Change 90.

MANUEL ULLOA— I invited Armando Villanueva, but he is away on a trip. At this moment it is difficult to include the government in a discussion of national consensus. But there are no objections on our part. As for Change 90, they cannot be located. They are under orders not to talk.

RAUL FERRERO— [passage omitted] What can be done beginning now is to lay the foundations on which we can later build agreements following the second round, because no one force alone has a majority, and it will then be essential to reach understandings on basic points so that a government can exist after 3 June, no matter who wins. Unless we want Mr. Fujimori to form a majority with APRA and the two parties of the left, in which case, we shall have a little more of the same for the next five years. This is why I believe that it is mostly up to Fredemo to seek out these points of agreement, so as to form a government with congressional backing.

FELIPE OSTERLING— I wish to begin by referring to the first topic you mentioned, Manuel. Unfortunately, I don't find a will on the part of the Aprista administration to right the economy or to seek a cabinet of national union during these interim months. It continues being

presumptuous and aggressive. Much time has been lost. To start now correcting the precarious situation with the idea of completing the task by 28 July is a very difficult undertaking. At any rate, it is our obligation to call upon this administration to start laying the groundwork for the next one.

We come now to the second round of the voting. To expect the candidates to seek a broad national consensus prior to the second round seems utopic. What is needed is a confrontation of platforms, of working plans for governing, of working teams. I cannot omit the term "confront...ion," because what we are talking about is precisely a serious debate. But that debate can reveal the points on which there is agreement or even a consensus of views. However, the points of final agreement must be sought by the political parties after the electoral process has been completed.

I want to come back now to the purpose of this meeting. Let me congratulate you, Manuel, on having taken this initiative, because we Peruvians need to find points of concurrence, harmony, and consensus. Our country's situation is a critical one. I believe there are two important areas in which all the political parties must try to reach a common agreement: pacification and the economy.

In the first place, pacification. Our country is destroying itself. Not only is there subversive violence and drug-trafficking violence, but also common violence, violence for the sake of violence, violence in public life, violence in the streets of Peru. We all live in a state of insecurity. There will be no investment of capital, either domestic or foreign, if we don't institute pacification. And if there are no investments there will be neither creation of weal'h, nor jobs, and the deterioration will continue.

In the second place, we must come to an agreement on how to overcome this mammoth economic slump. It is the main source of our ills. The state of neglect of our hospitals and schools is appalling. But that depends on the righting of the country's economy. The present level of taxation is three percent. We are in a state of total bankruptcy. In this regard, it is important to understand that Mario Vargas Llosa's platform is a platform for Peru's poor. Peru's rich are the ones who will have make the sacrifices. They will have to reach down into their pockets. This has to be made perfectly clear. The poor cannot afford to give anything more. This is why the social welfare program is important. This, however, is but an emergency program. What we must do is introduce structural changes to parallel that program. And if we don't take measures to right the economy, the deterioration will continue its downhill course: San Martin's farmers will not get paid for their rice because we don't have the necessary roads for hauling the rice out; the hospitals will continue going to ruins; the pensioners will continue standing in line to cash a check that won't be paid for lack of funds; government employees will continue disturbing the peace because of their starvation-level wages which are not even being paid (their pay in some sectors is greatly in arrears).

For this reason, unless we all—not only the political parties, including the United Left (which can remain diametrically opposed to my views), but also the guilds, unions, employers, the Catholic Church—reach an agreement on some basic issues, the blood bath will continue and the economic and general situation will become more and more chaotic and unmanageable.

GASTON ACURIO— The crisis that is afflicting the country is indeed serious enough to warrant a revision of various ideas that we have been expounding during the past several months. A consensus is of the essence, and all the more so now with the first-round results in hand. It can be reached and must be reached, with the Marxist factions as well. Not only because the gravity of the problem requires it, but also because the parties of the left must be attuned to perestroyka, and perestroyka is an opening up, a kind of liberalization, a desire for consensus. The difficulty lies in reaching a consensus with some sectors of APRA, but an effort must be made to do so, even with those sectors. This may sound very radical, because Peru's electorate has voted against APRA. It's possible that many who voted for Change 90 were actually voting against APRA and for a change, but we are beginning to realize that Change 90 means a continuation of Alan Garcia's administration—not of APRA.

In any case, I maintain that we need to have dialogues, and all the more so in the light of the election results. And now, let me speak to the transfer of power. As far as I am concerned, the Aprista administration's mismanagement of economic and social policies is not only incurable. It is not only misguided. It is ill-intentioned. Alan Garcia is devoting his time to conducting a political campaign for Alan Garcia's candidacy in 1995, and to nothing else. He is trying to achieve a worsening of the situation such that the next administration will fail, enabling him to run again in 1995 with some degree of success. For that purpose, he uses public funds in a strictly political manner. How else can one explain that our currency reserves are being wiped out at the rate of more than $100 million a month, the fact being that we all know that we are already in the red as regards net reserves, and the squandering of those reserves nevertheless continues. What is the object of this? To leave absolutely nothing to the next administration. And we all know that prices are being managed so as to explode within a few months. The administration's entire economic policy is geared to these objectives.

In addition, the national infrastructure has not been maintained. It has been destroyed. Peru's main highways are destroyed. Drinking water: Why are we in this predicament? Because this administration did not take the necessary steps to increase tank and reservoir capacities, as all prior administrations have done. It has

allowed the wells to dry up without reclaiming the water-bearing layer. He has no interest in the country's future as of 1990. His only interest is the year 1995.

But that is not all. While he neglects these items, he undertakes works of a strictly political nature that can be inaugurated by Mr. Alan Garcia in the next two or three months. What logic can explain the fact that Peru's highways have been destroyed while he devotes effort to inaugurating a total of two km of electrified railway? If the money dedicated to that 2-km pantomime had been devoted to Peru's highways, they would not be destroyed as of now. And there are irrigation projects on which the government is spending millions of additional dollars, in cost overruns, for the sole purpose of enabling Mr Alan Garcia to provide water prior to the conclusion of his mandate. Were it not for an administration that is anxious to inaugurate them, these overruns would be unnecessary, because execution of the work would proceed in a rational and logical manner.

This is why I believe it is essential that we be able, based on a consensus among the political parties immediately following the election—although we can, here and now, agree on and announce our intention to meet on the day following the election for the purpose of arriving at common viewpoints—to compel the administration to desist from this suicidal and ill-intentioned policy, for the good of the country. I think this should be the primary object of the consensus: The transfer of power under optimized conditions for the future of the country.

EDMUNDO MURRUGARRA— I congratulate Manuel Ulloa and EXPRESO on having undertaken the task that is our agenda here today. It is not easy to fit together the pieces that comprise the ingredients of this country. It is arduous. Sweat and blood are the medium through which the word must penetrate. Of blood, we have our fill and it must now make way for the word. The word is agreement, consensus....

Secondly, I myself am pleased to be in the presence of distinguished leaders of Fredemo, and this has particular significance because until recently they did not talk of consensus. And for this, we must thank the results of the 8th, because they compel changes. Fredemo and its leader must change, with this as their point of departure. They must situate confrontation within the framework of agreement, as a means of achieving agreement. Otherwise, it is meaningless. We would be duplicating the error that we Marxists have been making these many years. When Hegel said "the unity of opposites," we failed to hear the unity. We saw only opposites, the intensification of contradictions. Confrontation is creative within a framework of unity. Otherwise, it is meaningless, pure anarchy, pure destruction.

Fortunately, the forces that have tried to stir up the racial issue, which has always existed in our country, have been minor ones. The issue is latent. It is one of the ingredients of the social conflict. It adds bitterness, acrimony, hatred, to the other ingredients. Fortunately, it has been brought to a rapid halt by Vargas Llosa himself. All the same, those within are being labeled disparagingly by those outside of Fredemo as "pitucos" [members of the fashionable set] and "blanquitos" [whities]. And this must not be.

It is also important not to make use of the other conflict, the religious. An attempt was made to use it against Vargas Llosa with references to atheism, and against Fujimori with references to evangelical sects. In an absurd attempt, they tried to put Vargas Alzamora on parade, to redefine agnosticism. Fortunately, Landazuri put things in their proper place.

Because there are so many contributory factors to Peru's continuing to be fragmented, and at daggers drawn, one against the other, it is easy to cause trouble here for one another, to kick up a rumpus. We are one of the easiest countries to disarm and to keep disarmed, disarrayed. That is the business of authoritarianism. Unending confrontation facilitates the construction of democracy and leads very easily to a call for the authoritarian solution. [as published]

We are continuing to look over our shoulders at Change 90, and this worries me. We express this attitude in different ways: "There's nothing there. There's no platform." "It's a blank page. It's a whim of the Peruvian people." Instead of asking ourselves if there are not some citizens there with a sound, respectable viewpoint. This is further evidence of the country's lack of understanding. The same is true of the Marxist left: a very oligarchic approach, but based on another oligarchic principle: that of he who has touched the Holy Scriptures, and talks gibberish.

Perceptions differ. This is a multicultural country. Here, the basic language of communication is metaphorical. This is a country that as recently as 10 years ago was agrarian. Our popular sayings, our metaphors, are those of an agrarian society. They are not characterized by logical, analytic thought. They are syncretic. Rooted in Andean pantheism, animism, the kinship with nature that the Europeans would like so much to have. While the Europeans celebrate Earth Day, we eat our "panchamanca" [meat roasted on heated stones] from the womb of the earth.

One can convey a platform in a book, or by a gesture, or a word, or in one's bearing. There are different modernities. And in this respect, Fredemo's renewalist group, and particularly Mario Vargas Llosa, have a serious shortcoming: a basic lack of understanding of the country. Ours is an agrarian, Andean society—with other codes, with other language styles—that is seeking its modernity. But the modernity it seeks is not that of the urban-industrial society. Do people here not want to increase their production, earn more, use electronics, be knowledgeable, or eggheads as the term goes in the popular vernacular? Of course they do. Go have a look at how they fight to enter the university, the technical

schools. The proeducation cult is vast. And the people have great esteem for the quality of that education.

The renewal platform that comes from the Fredemo camp is entirely lacking in perception of the national, Andean, ingredients. Fredemo's renewal platform seems wrong, does not set well, offers little, and therefore wilts. That is a misfortune for the country.

Aside from the lack of humility—and in this Andean country, arrogance, pedantry, is of all things one of the most intolerable—all of the discourse on politicians, for example, is misplaced. Mario Vargas Llosa cannot rid himself of the old politicians. The problem was neither generational nor one of personalities. It was that of old platforms, not of old politicians.

The same goes for the renewalist discourse against mercantilism, and for putting the free market into operation without its help in the form of government policy. It was easy for all to see that those being denounced by Vargas Llosa were right there, in Fredemo.

This, I say, is why the liberal renewalist attempt fell flat. And it is regrettable. It was misguided from the very outset. The errors were not campaign errors. They were planning errors. And this is unfortunate because in this recently agrarian country a free market, competition, the building of a domestic market, and capitalism, all represent advancement. Liberal ideas have a positive role to play, but from a different social standpoint. I note that there are those within the Liberty group itself who are beginning to turn to self-criticism.

Liberalism should have sought its natural allies elsewhere. It should have aligned itself with the microbusiness sector, with the small-business people, that is, with those in Change 90. Someone has said this. But belatedly. It didn't happen that way.

This is equally valid for the left. Because if we in the Marxist left have sought to do anything, it has been to return to our point of origin. The 19th century's socialist theory in its entirety was developed by the radical liberals with a view to carrying their liberalism to its culmination. Conquest of the established order, however, requires that these ideas be powered by a social force.

Socialism's task in Peru is to help develop the domestic market. Our ills stem from too little capitalist development, not from too much capitalist development. Therein lies the difference between scientific and Utopian socialism. The loaves and the fishes must be multiplied before they can be distributed. Production must be developed. Marx himself said that socialism is not a method of distribution. It is a method of increasing wealth. In any case, socialism is the distribution of abundance, not of scarcity. The distribution of scarcities requires a police, antidemocratic state. But the creation of wealth requires the enhancement of enterprise and of its ingredients: the entrepreneur and the worker. Without this, there is no way to multiply the loaves and the fishes, there is no distribution that can satisfy, and the police must be brought in to prevent people from killing each other.

We have not renewed ourselves at the pace required by contemporary history. But as early as 1981, we came out with Vargas Llosa and other intellectuals in the first march in support of the Solidarity Movement.

The people want that modernity, that renewal. They want development of the domestic market, increased production, the application of science and technology. These are basic to the development of enterprise among the small-business people. And the left, with its old idea that the party is a class-based party of the workers alone, is not opening its mind to the idea that Mariategui has already propounded: That in our countries, the party is a party of four classes: proletarians, craftsmen and small businessmen, sharecroppers, and professionals and intellectuals.

These people have therefore resorted to an identity of their own. Change 90 heads this force and is committed to building the national consensus. It is the Peruvian modernizing movement, with all its deficiencies. And its major deficiency is its newness, its insufficiency of political structure, of leadership cadres, of plans, of established relations in Peru and in the world. It is an organic shortcoming that causes us, I would not say panic, but certainly serious, profound worry.

We must learn to respect it, to read some of the things Fujimori has said. He communicates much better in his own, metaphoric language. Since Change 90 has said that its central purpose is national consensus, any polemic it enters into cannot be solely for the sake of confrontation. It must confront for the sake of achieving consensus.

And it must do so precisely to compensate for its newness, for its shortcomings, and to be able to manage a state in which the Apristas have grown to the extent that those who come into government become their prisoners. To say nothing of the current management of the economy, which reflects Alan's intent to return not in 1995 but possibly 1991 or 1992, by compelling the next administration to give up, to hold early elections, enabling him to run as the lesser of two evils as compared to the belt-tightening the next administration will be forced to undertake.

Gaston says that Fujimori is the continuation of Alan Garcia. I say: He could be, unless we seek common points of agreement. Fredemo wanted a change, and Change 90 is change.

I think Fujimori is building on something that serious-minded economists have already recognized: that a genuine belt-tightening has already taken place in Peru. Therefore, serious thought must be given to the nature of the one that is to follow, because the first one did not resolve the problem. We have a recession and a depletion of reserves. I believe a social welfare platform is not a panacea. There has been a debate on how best to

configure the austerity package so as not to exacerbate the recession, apportioning the needed adjustments, particularly the most urgent ones—exchange rates and tariffs—according primacy to productive sectors such as exports, while accepting a slowing of industrial production for domestic consumption. We cannot satisfy everyone in every respect. The businessmen and the unions are both sure to protest this prioritization, but they have to accept it.

The key to the matter is an adjustment that can be lived with, a viable one. There is no question that this will require a national consensus. This month, everyone's best effort must be devoted to promoting this consensus at the level of the social forces, and we, the political forces, must impart a stimulus to that effort. The IPAE's initiative in convening the initial debate is excellent. The CGTP and the CTP must be urged to convene workers conferences to this end. This should be done this month.

The purposes of all of this is to enable us, the social movements and political forces, on 3 June, to pressure the administration into beginning this austerity process. The administration must be pressured into coming up with a package of measures to guarantee the integrity of the transfer.

SANDRO MARIATEGUI— An attempt to compel the present administration to institute a few improvements for a more orderly transfer to the next administration is, I believe, an exercise in futility. Alan Garcia sees no political gain in doing anything that could ease the next administration's task, and especially should the winner be Vargas Llosa. He might be inclined to show a bit more kindliness toward Fujimori. The only thing that may happen is that the grenade may explode prematurely, in his own hands. I believe Garcia wants the next administration to look worse than this one, so that he can return in 1995, and that for this reason he is seeking to leave to it an unmanageable situation.

His people are leaving political obstacles that will make it impossible to apply the necessary economic measures. They are manipulating the legislation to suit their own whims. They have approached regionalization by fits and starts. Taking advantage of an authorization provided by the regionalization law for the purpose of bringing organic ministerial laws into line with the new system, they have just issued a number of legislative decrees, the sole object of which is to entrench their people in key positions in the ministries, regional administrations, and state-owned enterprises, and booby-trap the operation of those entities. The same thing is occurring with a number of tax measures they are instituting unconstitutionally under Section 20.

The election results are unquestionably a mandate calling for a consensus. The political blocs will have to come to an agreement in the next Congress. Change 90 is an undeniable and respectable political force. It will have some 40 deputies and 15 senators. The winner, whoever it may be, will have to come to an agreement with the other force.

But who is in a better position to bring about the forthcoming consensus? The checks and balances of the democratic system will have to be maintained through the most able and skilled of agreements and transactions possible in Congress. Otherwise, the government will fall. This is what happened to Belaunde's first government. When it became impossible to enact a budget, and by the time his administration, belatedly, was given the legislative powers it had requested two years earlier, his regime was exhausted. The result was the coup d'etat.

To continue under our democratic system, the need is for a very clear-cut consensus with specific objectives. The task facing the next administration is a gigantic one. First, because of the huge investments it will have to make. As has been pointed out, the country's physical infrastructure in all sectors is destroyed. If the millions of dollars that have been spent on towers for the electric train had instead been used to build the Yuracmayo dam or to reclaim the water-bearing layer, we would not be suffering this tremendous water shortage.

Where are these huge amounts of capital needed to rebuild the country going to come from? Domestic savings are nonexistent. Foreign loans, if any, would at best be limited. The United States cannot be expected to provide any; it has deficit problems. Europe will now be turning more toward the countries of East Europe.

Our sole recourse is to generate domestic and foreign confidence, and the only way to do this is through a consensus at all levels—political parties, social institutions, business associations—on which we can base a national recovery plan.

I don't believe Mr Fujimori is in a better position to bring about this consensus. He had a program on the government TV channel, called "Concertando" [Reaching Agreement]. I never saw him able to reach a conclusive agreement with his invited panelists. He would invite representatives of various political parties. But he did nothing but moderate. One would think that a rector of a university would be able to summarize the points that had been expounded and identify the points of agreement. But he never did this. He was never able to. He limited himself to moderating.

He no longer has time to prepare a platform. Furthermore, politically speaking, he would derive no advantage from it. Alan Garcia won the election without any platform whatever. The platform advanced by Fredemo was too structured and technical. It didn't get across to the people. On the contrary, it frightened the people. It was too crystal clear, too conflictive. The people preferred opaqueness, vagueness. They preferred the Fujimori myth.

The election result has exacerbated the situation, adding uncertainty to it. The prospects that shone so clearly

before the election have vanished. The only thing left to do now is comply with the country's mandate. The country appears to have decreed consensus. We must implement it, so as to impart confidence and credibility in the system and attract investment.

This is why I feel that this round table is very timely, and I congratulate Manuel Ulloa and Jaime de Althaus on their initiative. It should be the first of many others in which persons of other political hues can participate. It is on the ability and skill the political leaders can bring to bear on reaching a consensus that the future of the country now depends.

OSCAR TRELLES— I believe this round table has produced an extraordinary concurrence of views. We all agree on the need for a consensus, but that it would be best to wait until after the election to address it. Being certainly the dean among us here—I'm sure no one here will deny me that title, although I would rather not have it—let me say that I have seen much of Peru, and, as a member of a family of politicians, I have been close to quite difficult and deeply worrisome situations, since my early youth. But frankly, never, never, has there been this accrual of negative, worrisome, depressive, crushing circumstances in which we now find ourselves.

To begin with, it has been said that "we don't have security." The fact is that one cannot travel in Peru. There was a time when I used to travel all over Peru, alone, on horseback, for days, weeks, without danger. Today, one cannot so much as travel in a bus. There is no safety. We have no water. We have no light. We have terrible poverty. As a physician, I see it in the hospitals. The hospitals are where one can best appreciate the misery, the pain, the degradation in which we live. Yet there are those who have the cynicism to say they are governing for the people. Who go to the hospitals? Not the rich, but the poor. And one must see, to believe, the state of our hospitals. Even morale has deteriorated. There are nurses and doctors who continue dedicated to their profession and calling, but for the most part, mainly among the younger ones, the prevailing attitude is a conformism of sorts, a desire to escape, which I criticize, but which I understand.

In the more than 80 years I have lived, I have never before seen this in Peru. Young and old alike, we were always proud of our Peru, and while we liked to travel abroad, we were no sooner abroad than we were homesick for our homeland. Today it is not that way. Everyone wants to get away, to escape.

For these reasons, a consensus must be reached. That is obvious. Life's lessons must always be learned. We in Fredemo were caught up in the wishful thought that we would win in the first round. That is a fact. And suddenly, this surprise, this unknown. Had it been Barrantes, or Alva, or Pease, I would have understood it. But no. He is an unknown, with no political background, no charisma. Perhaps it was the mystique of the Orient, the smile, the pagoda of Nirvana. This man, who must have personal merits because he has been rector of the university, runs, and almost wins.

To this political disorientation, to this lack of a solution that we believed we had achieved, let us add these terrible factors: drug trafficking, subversion, and, of course, the economic crisis.

A situation like this, I have never seen. I lived through the final years of the Leguia governmental void; we had even gone into a war that had already been lost; but that difficult situation is not even remotely comparable to the present one. The economy recovered and its recovery was followed by tranquillity.

I believe that on 8 April, Peru voted for one cause and against another cause. It voted against the APRA administration, punished it. And incidentally, against Marxist strength which, from the 8-percent level it had maintained for years up to and including 1963, rose to 30 percent after Velasco. It has now dropped back to a normal level.

But it voted for a change in the leadership of the country, for an alliance among the people and parties that was urging a change, a modernization that had been thoroughly studied in all its aspects; and incidentally, it voted for a change proposed by this Oriental about whom we know nothing. Maybe he is really good. Maybe he is just nothing at all. Maybe he is a continuation of the APRA administration, part of an Alan-Fujimori teamup, because had it been Alva, Alan would have had less of a chance in 1995. But with all his political savvy, Alan does not realize that the first thing the others will do, I suppose, if the opportunity presents itself, is to change the Constitution, sealing off the possibility of reelection. It is as easy as that.

This is what we must do. If the possibility of returning had not been open to Alan Garcia, the Peruvians would not be facing this terrible end of an administration today.

If we remember that democracy is not only governance by the majority, but rather governance by the majority with due regard for the views of the minority, it follows that a democratic administration must be sensitive to the minority. It cannot crush the minority. Within that frame of reference, it is clear that the context of that vote is a compelling mandate to reach a consensus in order to govern. Once a war has ended, what does a people do? It licks its wounds and rebuilds its country. At that point, after the election, it will be everyone's obligation to get together.

Otherwise, there being no majority, how can anyone govern? I have been a part of administrations that lacked a majority. The first was that of Bustamante. It was a stellar moment in Peru. APRA tried to govern from Congress. Belaunde's first administration was also opposed by APRA and lacked a majority. I don't say we

must not dialogue with APRA, but I would not trust them too much, because there, it is Alan who calls the shots.

The popular mandate calls for agreement between the two majority forces. I believe we must continue talking. We politicians have devoted perhaps our best moments to the country. But I don't regret it. I'm certain that this is the road we must follow. The people don't want a one-party government. Who knows, who knows but that this may be best. The vast majority of the French have arrived at that viewpoint. Perhaps coalitions blur distinctions somewhat, perhaps they impede vigorous action and push, but they provide assurance. Perhaps they are the insurance the country takes out. But I am convinced that the period of the oriental mystique of the Nirvana has passed. Fredemo will win. I don't like oriental mysteries.

RAUL FERRERO— I believe it is obvious that on 8 April the electorate mapped out the legislative configuration that we must take as a mandate calling for a national consensus. What definitely worries me is that Mr. Fujimori is not talking. I don't think he is contributing to this debate. I fear that Mr. Fujimori is using the same vague message that Alan Garcia used in 1985. Basically, he is asking for a blank check, to do with it no one knows what. While the vote was a rejection of Alan Garcia to the extent of 80 percent, and two-thirds voted for a major change, it is not clear whether or not Mr. Fujimori wants to erect a boundary separating him from Alan Garcia's administration. To date, he has not done so. All of which leads one to think that he intends to pursue the same policy with respect to gradualism and successive shocks. He has said nothing with respect to moralization, which means that he would favor a policy of "let's wipe the slate clean and start afresh." Nor has he been clear with respect to terrorism and pacification. This will have to be one of the central themes of any national consensus.

[passage omitted]

MANUEL ULLOA— We don't like mysteries, as Oscar Trelles has said, but we must admit that ours is a mysterious and magic country, with a capacity for renewing that millennial and traditional presence to which Edmundo referred. We must admit that in recent times there has been a very profound disarticulation, one from another, among the real Peru, the political Peru, and the Peru of Lima.

Let me say that seated around this table are men of great political sensitivity, and that evidence of this has been the message we have received and conveyed to one another. Agreeing as we do on its essence, that message has been expressed in each case in a personal and original form, each of us focusing in on it from our separate viewpoints, our separate sensitivities, our separate knowledge of the national reality. And this compels us to think seriously on what we have heard here and to embark on a cause that I believe is a fundamental one for the country.

It will require an effort. But I believe that on 8 April, as Sandro has pointed out, the country voted for consensus and mutual understanding. We must make an effort to convert that mandate into a reality.

I find the analyses that have been expressed here personally very enriching, not only as a member of this house but as a politician and a human being. And I agree that we are all deeply worried. Never has our anxiety been as troubling, not as to our personal futures, because the dice in that respect have been cast and ours is a commitment made, but rather for the future of the country, that of our people, of the needy, of the women, the children, and our youths, who are in a desperate situation.

I think this dialogue must be the beginning of a movement that will welcome all who wish to participate, and that will be taken up also by television and all the other media, so that it will not be bound to any enterprise or to anyone in particular. We have all talked a great deal about national consensus, agreement, understanding. But never before have we had this popular mandate, and never before a situation such as the one that now besets the country. The harmony, the symphony we have heard today must be made heard beyond these walls. It could bring about a change of conduct on the part of the president. It could change the country's destiny. I am profoundly grateful to you all for this initial occasion, this opportunity.

Uruguay

President Lacalle on Expiration Law, Revisionism

PY2006012290 Montevideo Radio Carve in Spanish 0000 GMT 20 Jun 90

[Excerpts] The president has reaffirmed that the Expiration Law is here to stay. The chief of state rejects any attempt to reopen a past that is done and finished with, when referring to the case of the teacher Elena Quinteros. He also indicated that the previous government will not be asked to account for that case's dossier in the executive branch offices.

Lacalle also maintained that the Armed Forces are subject to the political power, thus clearing up any doubts in this respect.

Asked whether there could be a stage of revisionism in our country, President Luis Alberto Lacalle said:

[Begin recording] [Lacalle] I must say that the previous Congress, when it voted the Amnesty Law, the law pertaining to the rehabilitation of public employees, and the Expiration Law, which the plebiscite strengthened notably, put an end to a stage of intolerance and disagreement that had lasted since 1965.

Therefore, I do not believe that any Uruguayan wants a return to the past, or in other words to open a process that is finished from a legal viewpoint. Also, there is the fact that all Uruguayans want that stage to be completely forgotten.

[Reporter] Does this mean that there will not be....

[Lacalle, interrupting] We are going to adhere strictly to the law. The Expiration Law has been fully complied with. Therefore, there are no more legal openings, and above all, there is no spirit for a return to that kind of a past.

[Reporter] [Question indistinct]?

[Lacalle] I have no doubts about it. I have no doubts that none of the [words indistinct] at this time. [passage omitted] [end recording]

These were remarks by President Lacalle.

Colorado Party To Stop Publishing Weekly

PY2006221890 Montevideo BUSQUEDA in Spanish 14-20 Jun 90 p 16

[Summary] The last issue of the Colorado Party weekly JAQUE was published on 6 June. From now on, the party intends to publish a monthly publication "to contribute to the party's internal debate at this moment of crisis," some Colorado leaders said.

JAQUE, which followed the guidelines of the Independent Batllist Faction (CBI), had been founded in 1984.

Guyana

Gloomy Economic Performance Reported

FL2006183590 Bridgetown CANA in English 1708 GMT 20 Jun 90

[Text] Georgetown, Guyana, June 20, CANA—A sharp devaluation of the Guyana dollar on June 15 that triggered another round of price hikes followed a further gloomy economic performance in the South American Republic. In 1989, the country registered its second successive year of economic deterioration, despite an ambitious economic recovery programme.

The 26.6 per cent devaluation has—like last year's 70 per cent devaluation—run into early problems, with sugar workers, seeking better pay, going on strike. A strike by sugar and bauxite workers last year over the government's budgetary measures threw economic forecasts off-target and there are concerns that this could happen again as unionists seek a better deal for workers facing increases in a range of goods and services.

The Caribbean Development Bank [CDB], in its 1989 annual report, detailed Guyana's troubled economic performance. The bank said: Economic performance in Guyaya deteriorated for the second consecutive year, despite the commencement of a major economic recovery programme designed to revitalise the productive sector, strengthen the balance of payments, and improve overall economic efficiency.

The programme included a 70 percent devaluation to U.S 1.00 dollar = G 33.00 dollars, the neutralisation of bank liquidity, increases in interest rates, and proposed divestment of certain public enterprises. Throughout the year, the government assisted by the support group of major bilateral agencies headed by Canada, focused its efforts on mobilising external financial and technical assistance to implement the programme. Hopes of attaining real growth of 5 percent in 1989 were however dashed when austerity measures announced in the budget triggered a seven-week strike in the bauxite and sugar industries. Consequently, gross domestic product declined by 4-5 per cent; the export sector remained depressed; the public sector deficit widened; and inflation soared.

Although bauxite output reached 1.4 million tonnes, compared with 1.3 million tonnes in 1988, production fell considerably below the 1989 target because of industrial action and heavy rainfall. Increased output, relatively high prices, and the effects of the devaluation of the Guyana dollar resulted in earnings rising from G 932 million dollars for 1989.

Agriculture was hard hit by strike action and unseasonal rainfall. Wage disputes resulted in six strikes by sugar workers before a settlement was reached in late November. Therefore, production was only 163,950 tonnes compared with 167,500 tonnes in 1988. For the second year, sugar was imported to meet domestic demand, and export earnings totalled 2,300 million dollars compared with 71 million dollars in 1988. Guyana still failed to satisfy export quotas to the U.S. and European Economic Commujnity markets for the year 1988/89.

Rice production which in 1988 had dropped to its lowest level since 1976 increased by 9 percent in 1989 to 142,310 tonnes. Production in other major industries fell sharply. Timber production for 1989 totalled 0.1 million cubic metres compared with 0.12 millioncubic metres for 1988.

Declared gold output for 1989 amounted to only 537.7 kg or 65.6 percent of the target for the year and 92 percent of production in 1988. Failure to reach production and export targets exacerbated an already chronic balance of payments situation. The authorities believe that the current account deficit widened in 1989. An acute shortage of foreign exchange persisted with inflows of financial and commodity assistance falling considerably below anticipated levels.

The signing of a monitored agreement with the International Monetary Fund in March paved the way for rescheduling a substantial proportion of public sector debts. Guyana finalised arrangements for rescheduling some of its 1.2 billion dollars (U.S.) debt through the

Paris Club and to regional creditors and by year end, bilateral agreements had been signed with France, West Germany, the UK, and U.S. tight fiscal and monetary policies sought to limit the public sector deficit.

Similarly, a key component of this strategy involved divestment of 12 state enterprises and adjustment in pricing and tariff policy to improve cost recovery. The divestment programme commenced in mid-year with the sale of Guyana Timbers Limited and continued with government reaching agreement for the purchase of shares in the Guyana Telecommunications Corporation by foreign investors.

Also, as part of a strategy to remove the subsidies on basic commodities, a series of price increases for electricity, gasolene, sugar, rice, and other basic commodities were implemented. Despite these initiatives, the public sector current deficit rose sharply in 1989. Increases in the prices of a number of basic commodities triggered a surge in inflation.

The parallel market rate depreciated to G 62 dollars per U.S. 1.00 dollar in the period immediately preceding the devaluation before appreciating to around G 48 dollars per U.S. 1.00 dollars by year end. Similarly, inflation moderated, but remained high.

As a result of disinflationary policy, credit to the private sector rose by only 40.6 percent to G 2.6 billion dollars between March and December. However, net credit to the public sector which continued to rely heavily on domestic financing expanded from G 488 million to G 662 million dollars.

The medium term outlook for sustained recovery is linked closely to the speed with which the productive sector can be rehabilitated and the external debt can be brought to manageable levels. Improving the balance of payments and the availability of foreign exchange, financial, and technical assistance are also important considerations.

The outlook for the bauxite industry is encouraging, following a joint venture agreement with a foreign private firm for mining operations and given proposals to expand output, the CDB said. But optimism has been tinged with some pessimism in the aftermath of the government's new devaluation.

Nation Pays Debts to IMF, World Bank, CDB

FL2106004590 Bridgetown CANA in English 2317 GMT 20 Jun 90

[Text] Georgetown, Guyana, June 20, CANA—Guyana on Wednesday cleared outstanding arrears of U.S.229 million dollars owed to the International Monetary Fund (IMF), the World Bank, and the Caribbean Development Bank (CDB), making the country eligible once again to borrow money from these multilateral lending agencies.

A government statement said the arrears were cleared through facilities provided by the Bank for International Settlements (BJS) in Switzerland and the Guyana support group of mainly Western donor countries. The move is subsequent to newly-concluded economic support agreements with the three institutions announced by the government last Friday. A breakdown of the debt to the three institutions up to June 15, 1990, shows that the IMF was owed U.S.142 million dollars, the World Bank 57 million, and the CDB 30 million.

A Ministry of Finance source said the repayment allows Guyana to become a trail blazer in an International Monetary Fund (IMF)/World Bank backed programme for restoring the international financial credibility of heavily indebted, low-income countries. The programme, being referred to as the Intensified Collaborative Approach (ICA), has been worked out for the world's one dozen or so heavily indebted, low-income countries of which Guyana is one.

Suriname

Jungle Commando Reportedly Preparing Attacks

FL1406184590 Paramaribo International Service in English 1730 GMT 14 Jun 90

[Text] The Jungle Commando has prohibited the gold-mining company (Vayliv) from carrying out mining activities in the interior because the Jungle Commando itself will be carrying out gold-mining operations. This came out from radio contacts Jungle Commando leader Ronnie Brunswijk had with members of his group. The radio contacts between the Jungle Commando members has been recorded by the intelligence service of the National Army.

The recorded radio contacts show that the Jungle Commando is busy making preparations to carry out eventual attacks. If the matter proves to be troublesome, we will burn the whole country down, is clearly heard on the recording between different leaders of the Jungle Commando. The second-in-command of the Jungle Commando, (Kustrav), has [words indistinct] during the radio contacts instructed members of the illegal armed group not to take any more prisoners because there is no time to feed them. Shoot them dead, says (Kustrav).

Military Reports Violent Fighting Near Moengo

PA1906215790 Paris AFP in Spanish 1945 GMT 19 Jun 90

[Text] Paramaribo, 19 Jun (AFP)—Military sources reported in this capital today that there has been violent fighting around Moengo, 100 km east of Paramaribo, the main bastion of the Surinamese guerrillas.

The announcement of the Army siege on Moengo and the announcement of the fighting coincided with the questioning of Ronny Brunswijk, leader and founder of the guerrilla movement, at the Cayenne Airport in French Guiana yesterday. He was in possession of a false passport.

Brunswijk said that following the failure of the peace negotiations with government, he wants to abandon the fighting and travel to The Netherlands. He said he wants "to pass the torch" to his second in command, Commander Castro.

According to infantry Commander Badrissein Sital, who was cited by the National Press Agency, SNA, violent fighting is underway in Stolkertsijver, 40 km from Paramaribo on the road to Moengo. There is also fighting going on in Albina on the Maroni river, on the border with French Guiana.

While a presidency communique stressed that the "government has not authorized the Army to carry out any operataions in eastern Suriname," Commander Sital emphasized that President Ramsewak Shankar "approved the plans of the Army."

This morning, communications between Paramaribo and Moengo were cut off. However, the SNA reported that the jungle command (the guerrillas) had sent an ultimatum threatening to blow up all of Moengo's economic installations if the Army got any closer than two kilometers away.

The rebels occupied Moengo, the main bauxite production center, in September and announced that they had mined its surroundings. Bauxite and aluminum represent 70 percent of the country's exports.

According to SNA, the population of Moengo "is living in anguish." They are caught between two evils: the arrival of the Army from the east and west and the presence of guerillas in the city. On Monday an Army communique announced "that, according to international conventions," Moengo inhabitants must leave their homes "for their own security."

The military also invited the members of the Jungle Command that wish to surrender "to go to an open place without weapons and to clearly make their intentions known to the local military commander." Mercenaries in the region will be treated according to international rules, the communique adds.

On 1 June Commander Bouterse, who had relinquished power to a president elected in January 1988 after having been chief of state for eight years, announced his intention "to clean up" Moengo, which, he said, has been turned into a drug trafficking center.

The orders from President Shankar—who is the constitutional Army commander in chief—not to do anything did not stop Brunswijk, said the observers. They recalled that the Army opposed the peace agreement signed by the government and Brunswijk last July in Kourou (French Guiana).

The failure of these peace talks is what seems to have prompted Brunswijk to abandon the guerrilla movement he created in 1986—when he was just a soldier— with the support of European mercenaries and the community of "Bush Negroes" (jungle blacks), to which he belongs.

Nevertheless, the rebel leader has left a door open by saying that he is ready to accept an invitation from the government to take part in new peace efforts.

Commander Castro, who has assumed the leadership of the guerrillas, is considered one of the "toughest" rebel leaders in Brunswijk's circle and an advocate of the continuation of the armed struggle.

Rebels Expelled

PA2106013390 Paris AFP in Spanish 2339 GMT 20 Jun 90

[Text] Paramaribo, 20 Jun (AFP)—The Surinamese Army has completely occupied Moengo, 100 km east of Paramaribo, in guerrilla-controlled territory, and expelled the guerrillas of the Jungle Commando "without killing or injuring any of the city's 8,000 inhabitants." Commander Badrissein Sital reported this today in Paramaribo, according to the National News Agency, SNA.

Sital held a news conference for local reporters to brief them on Army maneuvers since 17 June to "liberate" Moengo from the Jungle Commando, "whose approximately 100 members fled in disarray" to the border with French Guiana.

After saying that the government of President Ramsewak Shankar was aware of the operations, Commander Sital did not clarify if that meant that the Army's plan had official approval, which has previously been denied by the government.

Sital confirmed the guerillas' destruction of the Suralco Aluminum Plant—a subsidiary of the U.S. firm Alcoa—in Moengo, and its port facilities. However, he said that there were no casualties during the military occupation of the city.

Jungle Commando Leader Arrested in French Guiana

LD1906123990 Hilversum International Service in English 1130 GMT 19 Jun 90

[Text] A televison station in French Guiana has reported that the leader of the rebel Jungle Commando in neighbouring Surinam, Ronny Brunswijk, has been arrested at Cayenne airport. Mr. Brunswijk was apparently carrying a false passport. Several members of his Jungle Commando were also detained.

Meanwhile, the Suriname government army in a push against the rebels has surrounded the town of Moengo in East Suriname. The town, a center of the country's bauxite industry, is in the hands of a Jungle Commando. Army Chief Desi Bouterse has advised the citizens of Moengo to keep off the streets in the interest of their own safety. However, the President of Suriname, Ramsewak

Shankar, who is commander-in-chief of the armed forces, has expressed his disapproval of the of the army's activities around Moengo.

'Passing the Torch'

PA1906223090 Paris AFP in Spanish 1924 GMT 19 Jun 90

[Text] Cayenne, 19 Jun (AFP)—Surinamese guerrilla leader Ronnie Brunswijck said Monday night [18 June]—when he was stopped at the airport in Cayenne, French Guiana with false documentation—that he was "passing the torch" to "Commander Castro," the number two man in the Jungle Commando guerrilla movement. He added that he wanted to go to the Netherlands and remain there as long as necessary." [quotation marks as received]. "I am going to the Netherlands because I believe that I have risked my life for a just cause without positive results," Brunswijck added. He was under administrative arrest by the French authorities.

The guerrilla leader said that he could not accept the proposals made by the Surinamese Government during a meeting held on 14 June in French Guiana.

"After four years of struggle in the jungles of Suriname to defend my brothers' rights and enable the democratic government of Suriname to attain and maintain peace and after having participated in all the meetings, debates, and dialogues, I cannot accept those proposals," he said.

According to the press in Paramaribo, delegations of the Jungle Commando, the Surinamese Government, and Surinamese assemblies tried to resume a dialogue that was interrupted some months ago at a motel in Remire Montjoli. The government and Surinamese representatives asked the guerrillas to withdraw from the mining city of Moengo to permit Suralco, a bauxite exploitation company, to resume its activities that were interrupted two months ago.

"If the government or any other democratic institution wants me to participate again to guarantee peace in Suriname, I will accept the invitation," Brunswijck said. "However, I believe that the current government is not strong enough to find good solutions to attain peace in Suriname, because it receives orders from the Army," he said. Brunswijck had joined a rebellion in June 1986 against the Surinamese Government, which was headed by Commander Desi Bouterse.

Brunswijk was stopped Monday at the Rochambeau Airport by the airport authorities and border police. He was carrying a false passport issued to Ricardo Jackson and 150,000 francs ($26,000).

Narcotics Officer Says Drug Smuggling Increasing

FL1406132490 Bonaire Trans World Radio in English 1130 GMT 14 Jun 90

[Text] Suriname's top narcotics officer says the drug problem in his country is becoming serious. (Chaz Shantoki) says drug smuggling is on the rise, especially in areas held by rebels. He reports Dutch police have confiscated 900 kg of cocaine in the last month which originated in Suriname. The narcotics officer hopes for greater cooperation with drug enforcement officials in the Netherlands and from the United States.